

AGENDA
Council on Postsecondary Education
January 16, 2009
10 a.m. - 3 p.m. (ET)
CPE Meeting Room A, Frankfort, Kentucky

Page

8:30-10 a.m. – Council Member Work Session

The agenda for this session is open-ended and will be determined by the Council members, discussion will be informal, and no formal action will be taken. The session is open to the public.

Roll Call

Approval of Minutes 1, 12, 13, 14
CPE President’s Report

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The Council Business

18. Council Committee Appointments
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Other Business

Next Meeting – March 5-6, 2009, KCTCS Central Office, Versailles, Kentucky

Adjournment

MINUTES
Council on Postsecondary Education
November 7, 2008

The Council on Postsecondary Education met Friday, November 7, 2008, at 10 a.m. in the Adron Doran University Center at Morehead State University in Morehead, Kentucky. Chair John Turner presided.

ROLL CALL

The following Council members attended: Peggy Bertelsman, Kevin Canafax, Chris Crumrine, Dan Flanagan, Glenn Denton, John Hall, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, Jim Skaggs, John Turner, Mark Wattier, and Joe Weis. Jon Draud and Phyllis Maclin did not attend.

WELCOME FROM
MOREHEAD

Mr. Turner thanked President Wayne Andrews and Morehead State University for hosting the meeting.

President Andrews welcomed the Council to Morehead State University. He said this is a great place to get an education and a great place to work. He thanked the Council for choosing to come. He applauded the efforts of the Council to meet the previous afternoon when Morehead had the opportunity to offer information about the history of the institution, its accomplishments, and its current strategic thinking. He found the discussion beneficial and encouraged the Council to visit other campuses.

Mr. Turner said that the campus visits result in a clearer understanding of the goals and objectives of postsecondary education and the institutions as a whole and he looks forward to visiting the other campuses around the state. He said that it helps the Council members' perspective and understanding of a campus culture.

APPROVAL OF
MINUTES

The minutes of the September 28 Council meeting and the October 29 Executive Committee meeting were approved as distributed.

CPE PRESIDENT'S
REPORT

Interim President Richard Crofts gave his report to the Council.

- *Measuring Up 2008* will be released December 3 from the National Center for Public Policy and Higher Education. The report is a national report card for higher education released every two years with the purpose of providing the public and policymakers with information to assess and improve postsecondary education in each state. There is a large overlap between the five questions of Kentucky's Public Agenda and the major areas assessed by *Measuring Up* which include preparation, participation, affordability, completion, benefits, and learning. A number of the Council's statewide key indicators on affordability come directly from *Measuring Up*. He anticipated that Kentucky will score poorly on the issue of affordability since nothing has happened in the last two years to improve the state's data on affordability. He said that some of the data may result in improvements in grades in the other categories. Information will be shared with the Council when released December 3.

- Several months ago the Council accepted a report of its Developmental Education Task Force and has since then adopted a plan to move forward on this agenda. Dr. Crofts said that one of the large pieces of the cost of education is developmental education. Too many students are coming to Kentucky's colleges and universities not adequately prepared. In many cases students must take a semester or more of coursework that does not move them toward a degree which results in additional costs to students. The Council has contracted with Sue Cain, Eastern Kentucky University's director of developmental education, to serve as the system-level lead in developmental education from January through May 2009.
- As a condition of approving the Ed.D. programs at ECU, NKU, and WKU, the provosts of the three institutions were to submit a report to the Council by October 1, 2008, outlining the details of the seamless transfer articulation agreements among the universities. This report was to be considered by the Council at this meeting. The provosts did submit a report by October 1 but were subsequently asked by the Council staff to broaden the scope of transfer issues and were given an extension date of December 1, 2008, to resubmit an enhanced report. The staff anticipates presenting the report at the January 2009 meeting. There are three additional reports that are required to come to the Council over the next several years that would involve all of the Ed.D. programs.
- The Kentucky Convergence 08 Conference is November 13 and 14. The event brings together several hundred faculty and staff to explore ways that technology can be used at the institutions to improve teaching and learning, increase access, and contain costs.
- New and updated reports are continually added to the data portal portion of the CPE Web site on a variety of topics including affordability, developmental education, distance learning, and finance.
- Reecie Stagnolia was appointed interim vice president for Kentucky Adult Education in October.

Dr. Crofts recognized President Ransdell and President Todd for handling recent incidents on their campuses. Both presidents and their institutions used the judgment and integrity needed to respond to these difficult situations.

GOVERNOR'S
HIGHER ED
WORK GROUP

On October 21 Governor Steve Beshear announced the formation of a 25-member work group to review issues of affordability and access to postsecondary education. The Governor's Higher Education Work Group is co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green. Members include business leaders, government officials, and members of the General Assembly. University presidents and students from across the state serve on advisory groups, and a faculty advisory group is being organized. The group will provide two reports with recommendations for Governor Beshear. The first is due in January 2009. The second report, due by September 2009, will address long-term issues including how to best create stable state funding for postsecondary education. The Council staff has been given the responsibility of policy research and staffing for this group. Topics to

be examined include financial aid - adequacy, delivery, and organization as well as coordination and outreach efforts.

KSTC ANNUAL REPORT

Kris Kimel, president of the Kentucky Science and Technology Corporation, discussed the 2008 KSTC annual report on investments. The knowledge-based economic (KBE) investment activities are conducted by statute to accelerate knowledge transfer and technological innovation, improve economic competitiveness, and spur economic growth in Kentucky-based companies. The Kentucky Science and Technology Corporation implements the Council's knowledge-based economic investments to attract highly competitive follow-on venture funding for companies and federal funding for researchers, generate a direct Return on Investment (ROI) to the KBE efforts through private placements, create new companies and new knowledge-driven jobs, be supported by work-class peer review and due diligence infrastructures, and generate new intellectual property. Cumulative program performance July 1, 2001, through June 30, 2008, includes strong and growing progress related to the KBE programs.

- Overall growth of the KBE portfolio to \$50.4 million invested in 952 awards.
- Fifty-eight active private placements in the KBE portfolio with over \$2.7 million in ROI from exits and conversions by 15 companies.
- Growth in follow-on funding generated by awardees to \$653.8 million from venture, federal, and other private sources.
- Creation of 448 new companies and 4,100 new jobs among the Kentucky Enterprise Fund, the Kentucky Science and Engineering Foundation, and the Kentucky Experimental Program to Stimulate Competitive Research (EPSCoR).
- Intellectual property actions numbering 977 that include 519 patents, 34 provisional patents, 107 invention disclosures, 114 patent applications, one utility patent, 21 trade secrets, 49 copyrights, and 63 trademarks.

KBE programs continue to focus on building the capacity of Kentucky's investment research and development activities that have clear potential to lead to commercially successful products, processes, or services and to stimulate growth-oriented enterprises within the Commonwealth. The Council will submit the next knowledge-based economy report to the Legislative Research Commission in January 2009.

STEM INITIATIVE TASK FORCE REPORT

The Science, Technology, Engineering, and Mathematics (STEM) Task Force was assembled in 2006 to develop a statewide P-20 strategic action plan to accelerate Kentucky's performance within the STEM disciplines. The task force reviewed data, heard testimony, and conducted research to identify the scope and seriousness of the STEM crisis in America and in Kentucky. Conclusions and recommendations were published in the 2007 report, *Kentucky's STEM Imperative: Competing in the Global Economy*. Senate Bill 2, passed during the 2008 General Assembly, established the STEM Task Force in statute and called for the development of a STEM Implementation and Business Plan. UK President Lee Todd and Commissioner Deborah Clayton (of the Department of

Commercialization and Innovation) are co-chairing the STEM2 Task Force charged with reviewing previous recommendations and developing implementation strategies. President Todd reported that work groups comprised of over 50 participants from stakeholders across the state helped develop implementation plans focusing on issues related to public awareness, professional development, partnership engagement, and funding capacity. The STEM Business Plan will be presented to Governor Steve Beshear and the Interim Joint Committees on Appropriations and Revenue and Education in December 2008 with one-, three-, and five-year goals established.

IEQ STATE
GRANT PROGRAM

RECOMMENDATION: The staff recommended that the Council award federal *No Child Left Behind*, Title II, Part A, funds in the amount of \$1,115,000 for January 1, 2009, to June 30, 2010, to support eight projects:

- *The Math and Science Partnership: Increasing Science Instruction and Achievement in Middle School Classrooms* (Morehead State University): \$140,000
- *West Kentucky Mathematics Partnership II* (Murray State University): \$140,000
- *E2: Enlivening and Energizing EPAS Professional Development* (Northern Kentucky University): \$140,000
- *Embedded Teacher Learning Through Online Modules: Leveraging Professional Development Resources in Kentucky* (University of Kentucky): \$135,000
- *Mathematics and Special Education* (University of Kentucky): \$140,000
- *Putting All Students on Track: A Partnership to Ensure Success in College Level Mathematics* (University of Kentucky): \$140,000
- *Science Literacy Project for Middle School Teachers* (University of Kentucky): \$140,000
- *Learning Capacity Advancement in Middle School Science and Mathematics* (Western Kentucky University): \$140,000

The grant program awards grants to partnerships that deliver research-based training programs to P-12 teachers and administrators. To be eligible, a partnership must include a postsecondary institution's school of arts and sciences and its teacher preparation program, as well as at least one high-need local school district. The program enables states to fund training for teachers and administrators in any core academic subject. In 2006 the Kentucky General Assembly passed Senate Bill 130 requiring the P-12 assessment program to include a high school readiness examination in the eighth grade, a college readiness examination in the tenth grade, and requiring all students in the eleventh grade to take the ACT. This has resulted in the implementation of ACT's Educational Planning and Assessment System (EPAS) in Kentucky. Senate Bill 130 also requires the Council to offer support and technical assistance to schools and school districts in the development of accelerated learning for students who demonstrate a need for intervention due to low scores on the high school or college readiness exams. To that end, the Council is focusing Year 7, as it did with Year 6, of the Improving Educator Quality State Grant Program on projects which integrate EPAS professional

development that assists teachers in providing intervention in core content areas for students in need of accelerated learning.

MOTION: Ms. Miller moved that the recommendation be approved. Ms. Bertelsman seconded the motion.

VOTE: The motion passed.

COMMISSIONER
OF ED REPORT

Dr. Crofts called attention to a written report of activities provided by the Kentucky Department of Education.

TUITION POLICY &
TUITION SETTING
PROCESS

RECOMMENDATION: The staff recommended that the Council approve the tuition and mandatory fee policy and 2009-10 tuition setting process.

At the Council's September meeting, the staff presented for Council review and discussion drafts of these documents. Since that meeting, the Council staff has worked collaboratively with institutional presidents, chief budget officers, and Council members to refine these documents. Staffs of the Legislative Research Commission and the Office of the State Budget Director also have been involved.

MOTION: Ms. Miller moved that the policy and the tuition setting process be approved. Mr. Canafax seconded the motion.

VOTE: The motion passed.

Mr. Crumrine thanked the staff for providing an opportunity for the student body presidents to discuss these proposals. He said it is reassuring to see that the students have the opportunity to comment.

CAPITAL PROJECTS

RECOMMENDATION: The staff recommended that the Council approve the request of Kentucky State University to use federal funds to construct a Center for Families and Children on the university's main campus. The estimated project cost is \$2,022,000.

MOTION: Ms. Bertelsman moved that the recommendation be approved. Ms. Osborne seconded the motion.

VOTE: The motion passed.

RECOMMENDATION: The staff recommends that the Council approve the request of Western Kentucky University to use private funds to construct a chapel and columbarium on the main campus. The estimated project cost is \$1,700,000 and is funded through the WKU Foundation with private gifts.

MOTION: Ms. Moore moved that the recommendation be approved. Mr. Weis seconded the motion.

VOTE: The motion passed.

FY 2007-08
AGENCY AUDIT

RECOMMENDATION: The Executive Committee recommended that the Council accept the 2007-08 agency audit as submitted by the firm of Potter & Company, LLP.

Dr. Crofts reported that the Council received an unqualified opinion. The audit report contains no reportable conditions or material weakness related to internal control over financial reporting or major federal programs and contains no reportable findings of material noncompliance related to financial statements. The Council staff has acted upon suggestions by the audit firm involving the timing and amounts of payments and receipt of sub-recipient reports.

MOTION: Mr. Flanagan moved that the audit report be accepted. Mr. Crumrine seconded the motion.

VOTE: The motion passed.

EQUINE
RESOLVING TRUST
FUND

Dr. Crofts requested that the recommendation on the equine revolving trust fund be pulled from the agenda to allow time for additional work.

MOTION: Mr. Wattier moved that the agenda item be tabled. Ms. Osborne seconded the motion.

VOTE: The motion passed.

PROGRAM AUDIT
SUBCOMMITTEE

Ms. Bertelsman discussed the work of the Council's Program Audit Subcommittee. The group was created in 2006 by then Chair Ron Greenberg to (1) review the accountability and assessment measures for existing Council pass-through programs, (2) evaluate the efficacy of these measures, and (3) make recommendations for improving the accountability and assessment system for all Council programs. The subcommittee originally set out to review the 16 pass-through programs administered by the Council. A pass-through program is a direct allotment to the Council for a program or activity where the funding usually is directed to an entity outside of state government or to an institution or other state agency. That entity then delivers the services while the Council often is the financial steward for the program. During the review, seven of the original 16 pass-through programs were eliminated due to budget reductions. In addition, the subcommittee discussed the cancer

research programs, lung cancer research, and cancer research institutions' matching fund, although the Lung Cancer Research Program and its companion program for ovarian cancer screening are not pass-through programs. The review of the Lung Cancer Research Program has been hampered by a lack of appointments to the Governance Board of the Lung Cancer Research Project and by turnover among senior staff at the University of Kentucky and the University of Louisville. The work of the subcommittee focused on developing assessment and evaluation activities for each program. A report with a series of recommendations on how the assessment of these activities can be improved was presented to the Council for review. The Council will be asked to consider the report's recommendations at a future meeting.

2007-08
ACCOUNTABILITY
REPORT

The Council staff is working on the *2007-08 Accountability Report*, as directed by KRS 164.020. The purpose of the report is to annually review progress made toward the achievement of key indicator performance goals and to discuss initiatives that will be undertaken next year to promote improvement. The report, organized around the five questions of the Public Agenda, is scheduled for completion in January 2009. To bring attention to these accountability indicators, Dr. Crofts noted that the indicators associated with each question are printed on the tab pages of the agenda book.

TRUSTEE
LEADERSHIP/
PROFESSIONAL
DEVELOPMENT
PROPOSALS

The staff presented three proposals for consideration by the Council to build on the state-level professional development opportunities offered by the annual trusteeship conference. These initiatives would be developed and implemented in partnership with the institutional presidents and other campus representatives.

- Proposal #1 – Create the Kentucky Trustee Leadership Roundtable comprised of the board chairs and vice chairs of Kentucky's public universities, the KCTCS system, and the Council on Postsecondary Education. Board chairs representing Kentucky's independent colleges might also be invited to join. The goal of this group would be to provide a venue and forum for the lay leadership of the institutions of postsecondary education in the state to meet with their peers from the Council to discuss key issues related to the implementation of HB 1, current policy issues at the state or institutional level, and determine broader state-level professional development opportunities for other members of their boards. The group would meet two to three times a year (one meeting at the annual trusteeship conference) and would be staffed by CPE in collaboration with institutional presidents and administrators. Speakers/facilitators might be brought in for these events to address topics of interest and facilitate discussion. Should there be a desire to move forward, it is recommended that the CPE chair convene a meeting of the group in the next few months to determine the feasibility and value of the Trustee Leadership Roundtable and determine next steps.
- Proposal #2 – Create the Trustee Professional Development Series to provide educational and training opportunities to public college and university board and CPE members emphasizing both the effectiveness

of boards as units and individual member training. Administered by the Council under the direction of the Kentucky Trustee Leadership Roundtable and in collaboration with institutional presidents, the series also would seek to improve communication and strengthen relationships among the various institutional boards and with the members of the CPE. The series would focus both on delivering content (best practices, nuts and bolts information) and on effective board behavior (leadership skills, team building). The professional development opportunities offered through the series will be determined by the Leadership Roundtable. Ideally, the professional development opportunities will be offered three to four times throughout the year for those trustees with an interest in the specific topics. They might be focused in a specific region, offered in a Webinar format, or in a state-level seminar/workshop format.

- Proposal #3 – Create a quarterly or semi-annual electronic newsletter, Web site, or electronic forum to facilitate communication among the institutional lay leadership. It will be developed and administered by the Council under the direction of the Kentucky Trustee Leadership Roundtable and in collaboration with institutional presidents or their representatives. The newsletter/e-forum would provide information about state-level events and activities of interest to college and university trustees, highlight the work of the Trustee Leadership Roundtable, report on events sponsored by the Trustee Professional Development Series, and provide an online space to share information, post comments, and ask questions.

Council members suggested polling the board members about their interest in these activities or scheduling a meeting of the group suggested in Proposal #1 to determine whether these activities are helpful.

SETTING 2009-10 TUITION RATES

FISCAL IMPACT OF BUDGET CUTBACKS & DATA ON AFFORDABILITY

To help initiate the review of information related to setting 2009-10 tuition rates, the institutions were asked to submit a report to describe the impact of budget cuts over the past year on institutional operations. The request asked for information in four categories – (1) changes in personnel, programs, and services; (2) cost containment strategies; (3) resource reallocation strategies; and (4) productivity. The institutional reports were provided in the agenda materials along with data on affordability to provide context for initiating discussions regarding the 2009-10 tuition setting process. The affordability information highlights one of the fundamental policy issues associated with establishing tuition rates, that of striking an appropriate balance between keeping college affordable for students and their families and adequately funding Kentucky's public postsecondary system to meet the goals of House Bill 1 and the Double the Numbers Plan.

Dr. Crofts noted that in almost every case the institutions did not use the increase in tuition revenue to simply replace all of the things that were eliminated or reduced because of the General Fund changes. He said that he has talked with the presidents about the impending budget reductions for this

fiscal year. Part of that discussion was how much further we can go down this road without attacking quality or without delaying or diminishing some of the House Bill 1 goals. He said that all of the presidents are concerned and said that the funding model desperately needs to be fixed so that the institutions can plan for the future.

President Ransdell commented that the institutions continue to be in a period of significant uncertainty in regard to state funding. There is likely to be budget pressure put upon the institutions to help the state balance the budget for this fiscal year and perhaps going forward for a year or two in the future. There will be limited capacity on tuition increases. He asked the Council to keep the tuition setting process simple and track what is required of the institutions from the state and what will be required of the institutions from the students. Simplify the process in every possible way to zero in on the realities in terms of state funding, what the students pay, and the budgets the institutions must balance. He said that over the years the institutions have used enrollment growth as a revenue strategy with tuition increases in order to do strategic investments to ensure quality so that the institutions can continue to grow. If the institutions continue to have declines in state funding and have reached a point where the window of rising tuition is no longer open to the extent it has been in recent years, the institutions must choose to no longer grow because growth has a cost.

President Andrews said that the Council must look seriously at this issue and provide guidance from a state policy standpoint about whether the 2020 goals should be altered. He said it is unrealistic to say that the institutions can stay on course to meet the goals by 2020 given the current fiscal environment. He said that the future of the Double the Numbers Plan is in jeopardy unless the institutions can have some assurance of adequate funding going forward.

Mr. Denton asked that the Governor's Higher Education Work Group consider the recent VFA study and the deferred maintenance on some campus facilities.

TRANSFER

An update on transfer initiatives was included in the agenda materials.

CEO REPORT

A report on the activities of the Committee on Equal Opportunities was provided for information.

SB 189 REPORT ON FACILITIES

The General Assembly directed the Council and the Office of the State Budget Director to produce and present to the Legislative Research Commission on or before December 1, 2008, a report with recommendations addressing the establishment and implementation of a process for funding deferred and future major capital renewal, maintenance, and renovation needs costing \$600,000 or more each for facilities owned by the Commonwealth and operated by the postsecondary institutions. The draft report has been shared with the Office of the State Budget Director and the institutions. The report will include an executive summary, an overview of capital asset funding, the objectives of asset preservation and investment, selected models used by other states, and ultimately a set of recommendations for preserving and protecting

	the investment of public funds in state-owned facilities.
NOMINATING COMMITTEE	Mr. Turner appointed a nominating committee to present recommendations for Council chair and vice chair at the January meeting. Pam Miller, Glenn Denton, and John Turner were appointed with Ms. Miller serving as chair.
PRESIDENTIAL SEARCH COMMITTEE	Mr. Hall reported that the Presidential Search Committee is continuing to narrow the pool and anticipates bringing candidates for interviews with the full Council in the next few weeks.
REPORTS FROM INSTITUTIONS	Dr. Crofts called attention to the reports provided by the institutions on activities since the last Council meeting.
CPE STAFF	Dr. Crofts announced that Mary Morse, his executive secretary, is leaving the Council to join the University of Kentucky College of Pharmacy. He wished Mary well and thanked her for her service.
RESOLUTION OF SERVICE	A resolution was presented thanking Dianne Bazell for her work with the Council. Dr. Bazell is leaving the Council staff to become the deputy director of academic affairs and student success at the Illinois Board of Higher Education.
	MOTION: Ms. Bertelsman moved that the resolution be approved. Mr. Canafax seconded the motion.
	VOTE: The motion passed.
NEXT MEETING	The next regular meeting of the Council is January 15 and 16, 2009.
ADJOURNMENT	The meeting adjourned at 12:30 p.m.

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NOVEMBER 6 MEETING WITH MOREHEAD REPRESENTATIVES	<p>The Council on Postsecondary Education met with representatives of Morehead State University Thursday, November 6, 2008, at 1:30 p.m. in the Adron Doran University Center at Morehead State University.</p> <p>The following Council members attended: Peggy Bertelsman, Chris Crumrine, Dan Flanagan, Glenn Denton, Pam Miller, Donna Moore, Paul Patton, Jim Skaggs, John Turner, and Mark Wattier. Kevin Canafax, Jon Draud, John Hall, Phyllis Maclin, Lisa Osborne, and Joe Weis did not attend. CPE Interim President Richard Crofts also attended.</p> <p>The Morehead representatives provided information about the history of the institution, its accomplishments, and its current strategic thinking.</p> <p>The group toured the Kentucky Folk Art Center and then joined President Andrews and others for dinner at the President's home. Kevin Canafax joined</p>
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for dinner.

There was no planned agenda and no action was taken.

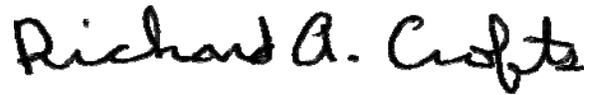
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NOVEMBER 7
COUNCIL MEMBER
WORK SESSION

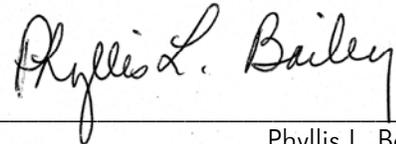
A Council member work session was held November 7, 2008, at 8:30 a.m. in the Adron Doran University Center at Morehead State University.

The following Council members attended: Peggy Bertelsman, Kevin Canafax, Chris Crumrine, Dan Flanagan, Glenn Denton, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, Jim Skaggs, John Turner, and Mark Wattier. Jon Draud, John Hall, Phyllis Maclin, and Joe Weis did not attend.

The agenda for this session was open-ended and was determined by the Council members. Discussion was informal, and no formal action was taken. The session was open to the public.



Richard A. Crofts
Interim CPE President



Phyllis L. Bailey
Senior Associate, Executive Relations

MINUTES
Council on Postsecondary Education
December 2, 2008

The Council on Postsecondary Education met Tuesday, December 2, 2008, at 5 p.m. (ET) at the Embassy Suites Hotel in Lexington, Kentucky. Chair John Turner presided.

ROLL CALL

The following members attended: Peggy Bertelsman, Chris Crumrine, Glenn Denton, Dan Flanagan, John Hall, Phyllis Maclin, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, John Turner, Mark Wattier, and Joe Weis. Jon Draud and Jim Skaggs did not attend.

Jan Greenwood with the search firm of Greenwood/Asher & Associates also attended.

CLOSED SESSION

Mr. Turner asked for a motion to go into closed session pursuant to KRS 61.810(1)(f) for the purpose of discussing the appointment of a person, specifically the selection of a new president of the CPE.

MOTION: Mr. Flanagan moved that the Council go into closed session for this purpose. Ms. Moore seconded the motion.

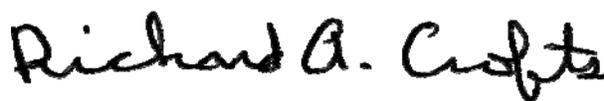
VOTE: The motion passed and the Council went into closed session at 5:05 p.m.

OPEN SESSION

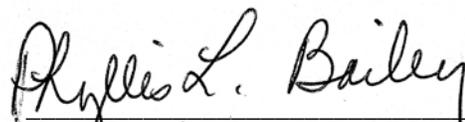
The Council returned to open session at 8:45 p.m. Mr. Turner reported that no action had been taken while in closed session.

ADJOURNMENT

The meeting adjourned at 8:50 p.m.



Richard A. Crofts
Interim CPE President



Phyllis L. Bailey
Senior Associate, Executive Relations

MINUTES
Council on Postsecondary Education
December 3, 2008

The Council on Postsecondary Education met Wednesday, December 3, 2008, at 10:30 a.m. (ET) at the Embassy Suites Hotel in Lexington, Kentucky. Chair John Turner presided.

ROLL CALL

The following members attended: Peggy Bertelsman, Chris Crumrine, Glenn Denton, Dan Flanagan, John Hall, Phyllis Maclin, Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, John Turner, Mark Wattier, and Joe Weis. Jon Draud and Jim Skaggs did not attend.

Jan Greenwood with the search firm of Greenwood/Asher & Associates also attended.

CLOSED SESSION

Mr. Turner asked for a motion to go into closed session pursuant to KRS 61.810(1)(f) for the purpose of discussing the appointment of a person, specifically the selection of a new president of the CPE.

MOTION: Ms. Osborne moved that the Council go into closed session for this purpose. Governor Patton seconded the motion.

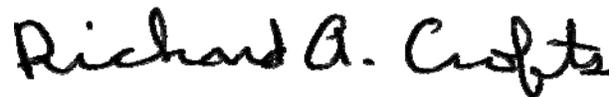
VOTE: The motion passed and the Council went into closed session at 10:35 a.m.

OPEN SESSION

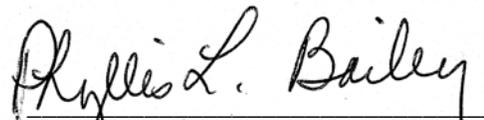
The Council returned to open session at 4:15 p.m. Mr. Turner reported that no action had been taken while in closed session.

ADJOURNMENT

The meeting adjourned at 4:20 p.m.



Richard A. Crofts
Interim CPE President



Phyllis L. Bailey
Senior Associate, Executive Relations

MINUTES
Council on Postsecondary Education
December 9, 2008

The Council on Postsecondary Education met Tuesday, December 9, 2008, at 9:30 a.m. (ET) at the Council offices in Frankfort, Kentucky. Chair John Turner presided.

ROLL CALL

The following members attended: Peggy Bertelsman, Chris Crumrine, Glenn Denton, Dan Flanagan, John Hall, Phyllis Maclin (via interactive television from the Crisp Center in Paducah), Pam Miller, Donna Moore, Lisa Osborne, Paul Patton, John Turner, Mark Wattier, and Joe Weis. Jon Draud and Jim Skaggs did not attend.

Jan Greenwood with the search firm of Greenwood/Asher & Associates attended the meeting in Frankfort, and Howell Todd with the search firm joined by telephone.

CLOSED SESSION

Mr. Turner asked for a motion to go into closed session pursuant to KRS 61.810(1)(f) for the purpose of discussing the appointment of a person, specifically the appointment of a new president of the CPE. He said that the Council may take action when it returns to open session.

MOTION: Mr. Flanagan moved that the Council go into closed session for this purpose. Ms. Miller seconded the motion.

VOTE: The motion passed and the Council went into closed session at 9:45 a.m.

OPEN SESSION

The Council returned to open session at 10:50 a.m.

APPOINTMENT OF
CPE PRESIDENT

Mr. Hall, chair of the Presidential Search Committee, thanked the search committee for their work. The search committee members were Donna Moore, Lisa Osborne, Phyllis Maclin, Mark Wattier, Joe Weis, and Gary Ransdell as convener of the Advisory Conference of Presidents. John Turner served as an ex officio, nonvoting member. He said that the committee first met in May 2008 and throughout the entire process followed the guidelines of House Bill 1 in the selection of the president. A national search firm was hired that had conducted numerous national searches as well as a number of searches in Kentucky. He said that 40 of the over 150 people who expressed interest were given a serious look. The field was then narrowed to 10 and later to two.

RECOMMENDATION: Mr. Hall recommended on behalf of the Presidential Search Committee that Robert L. King be appointed as the president of the Council on Postsecondary Education.

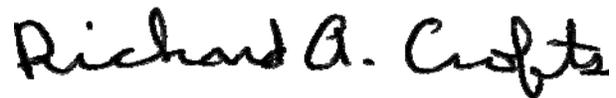
MOTION: Governor Patton moved that the Council appoint Mr. Robert L. King as president for a period to begin no later than April 1, 2009, through June 30, 2012, at a base salary of \$360,000 and to include an additional \$40,000 annually as a housing allowance, a one-time payment of \$40,000 to assist with relocation expenses, use of an automobile, and the other standard package of benefits offered to state employees. The chairman is authorized to execute a contract with the president consistent with these provisions and report back to the full Council the final terms of the contract. Ms. Miller seconded the motion.

VOTE: A roll call vote was taken, and the motion passed unanimously.

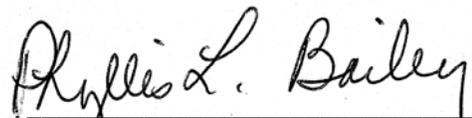
Mr. Turner thanked Mr. Hall and the members of the search committee for their work over the past several months.

ADJOURNMENT

The meeting adjourned at 10:55 a.m.



Richard A. Crofts
Interim CPE President



Phyllis L. Bailey
Senior Associate, Executive Relations

**Council on Postsecondary Education
January 16, 2009**

CPE and Institutional Budget Reduction Plans

In November 2008, the Council staff and public postsecondary education institutions were asked to submit plans on the impact of mid-year 4 percent and 2 percent reductions, respectively, in General Funds for 2008-09. Copies of these plans are attached.

The proposed budget reductions assume that the state is able to capture additional revenue through an increase in the cigarette tax or other means. If no additional revenue is found or if the state economy worsens, proposed budget cuts in 2008-09 could be more severe.

Impact on CPE Operations

If a mid-year cut in 2008-09 is enacted, this would be the Council's fourth cut in approximately a year. An additional 4 percent cut to CPE operations in 2008-09 would total \$2.1 million and would place the Council's General Fund budget at \$50.5 million, or approximately 17.4 percent below its original budget of \$61.1 million in 2007-08.

Approximately 16 percent of the Council's General Fund budget is spent on CPE operations and administration, whereas 84 percent is used to support statewide initiatives in instruction, educational and academic support, and research and economic development.

The previous budget reductions have resulted in numerous cutbacks in various programs and services that impact instruction (Kentucky Adult Education), academic support (KYVL and technology contracts), student assistance and educational support (contract spaces, Minority Student College Preparation Program, SREB Doctoral Scholars Program, etc.), and research and economic development (programs run by the Kentucky Science and Technology Corporation).

In addition, the previous budget cuts resulted in CPE staff reductions of approximately 15 percent. In 2007, CPE had 69 General Fund positions filled and KYAE had 27. As of December 2008, CPE had 59 General Fund positions filled and KYAE had 23.

Impact on Public Postsecondary Education Institutions

As the Council staff stated in the letter to the Office of the State Budget Director in December 2008, a 2 percent reduction in 2008-09, on top of the 6 percent General Fund cuts made over the past 12 months, will greatly challenge the system's ability to maintain access and

affordability, produce additional degrees, and enhance the research and economic and community development needed to achieve postsecondary education reform goals by 2020.

A proposed 2 percent budget reduction for the public postsecondary education institutions would total \$20.5 million from a base of approximately \$1 billion. The 2 percent budget reduction is less than the 4 percent originally requested in these plans due to the prospect of additional revenue being captured to help close the \$450 million budget shortfall. Again, if no additional revenue is found, the proposed budget cuts in 2008-09 for the public postsecondary education institutions will likely be more severe.

Details of the draft institutional budget reduction plans are included in the agenda book. However, in general, public postsecondary education institutions are reviewing or planning to implement some or all of the following strategies to deal with the potential cuts:

- Reduction in personnel, freeze on open positions, and limitations on faculty and staff salary increases
- Reduction of contingency funds used for strategic investments
- Deference of much needed maintenance on campus facilities
- Reduction in student financial aid
- Postponement or elimination of technology upgrades
- Limitation or elimination of programs and services
- Closure of extended campuses
- Reduction in faculty and staff development and travel
- Cap on enrollments

Kentucky's public postsecondary education system has made significant progress and produced significant results over the past decade in areas such as college preparation, enrollment, degree production, and community outreach, despite instability in state support. In addition, the institutions continue to be catalysts for research and economic development at both the state and regional level. Every additional budget reduction makes the chance of continued success more difficult and makes the system's job harder.



Kentucky Council on Postsecondary Education

Steven L. Beshear
Governor

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Frankfort, Kentucky 40601
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Richard A. Crofts
Interim President

November 26, 2008

Mr. John Hicks
Acting State Budget Director
Office of the State Budget Director
284 Capitol Annex
Frankfort, KY 40601

RE: DRAFT – FOR DISCUSSION PURPOSES ONLY
Impact of Proposed 1 percent and 4 percent FY09 Budget Reductions on the
Council on Postsecondary Education

Dear Acting State Budget Director Hicks:

Per your request on November 19, 2008, the purpose of this letter and attached scenarios is to provide information on the impact of potential mid-year FY09 budget reductions on the budget of the Council on Postsecondary Education.

It is our understanding that this is a draft plan for discussion purposes only at this point. As we discussed by phone, given the quick turnaround of this document, we would appreciate the flexibility to modify or change the specifics of this plan if additional budget cuts are in fact realized during the current fiscal year, as long as the total dollar amount equates to the requested amount of the budget reduction.

As time permitted, we tried to provide details of the immediate and long-term impacts of these potential budget cuts on Council and Adult Education operations and related activities. For your quick review, we also included a worksheet that provides a display of our previous General Fund cuts over the past year, as well as estimates to accommodate plans for an additional 1 percent and 4 percent budget reduction.

Please let me know if you have questions or require additional information.

Best,

A handwritten signature in blue ink that reads "John C. Hayek".

John C. Hayek
Interim Vice President, Finance

Previous Budget Reductions Since Mid-Year of FY08

Since mid-year of FY08, the Council has experienced three budget reductions on its General Fund appropriations. The first budget reduction decreased General Funds to the Council by 3 percent (\$1,988,200), as well as a reduction of \$250,000 in restricted agency funds, and \$1.2 million in accumulated interest earnings on Council trust funds.

The second budget reduction occurred as the Governor and the General Assembly developed and enacted the 2008-10 biennial budget. The Council’s budget for FY09 was reduced by another \$5,163,900 in General Funds and another \$200,000 in accumulated interest earnings on Council trust funds.

The third budget reduction was applied to the FY09 budget in the form of “efficiency savings” imposed by the appropriations bill (HB 406) enacted by the 2008 General Assembly. This resulted in a further reduction in General Funds of \$1,369,000. General Fund appropriations for Kentucky Adult Education programs were exempted from this last cut, but all other Council programs received a 4.5 percent General Fund reduction included in FY09.

In total, the Council’s General Fund appropriation base is now approximately \$8.5 million lower (-13.9 percent) than the original enacted FY08 budget. Specifically, Council operations are down 5.4 percent, pass-through programs are down 15.8 percent, and the Council’s trust funds and funding programs are down 15.4 percent from the Council’s originally enacted FY08 General Fund appropriation.

The negative impact of these past cuts and the significant harm and damage to postsecondary and adult education planning and services have been documented several times in previous correspondence to the budget office during the past year, most recently in a letter dated May 23, 2008, to State Budget Director Lassiter related to the 4.5 percent “efficiency savings” cuts.

Thus, most of what is shared in this letter describing the impact of an additional 1 percent and 4 percent budget reduction scenarios will feature more of the same negative consequences, which include significantly less Council staff who are the only individuals in the state focused solely on promoting statewide postsecondary education interests and policy development, as well as significant reductions in strategic educational programs and services designed to move the state forward on its postsecondary and adult education reform goals.

<u>Council on Postsecondary Education*</u>	<u>FY08 GF</u>	<u>GF Budget Reductions</u>	<u>FY09 GF</u>	<u>4% Budget Reduction</u>	<u>FY09 GF Revised</u>
CPE operations	\$8.9 M	(\$.5 M)	\$8.4 M	(\$.2 M)	\$8.2 M
Pass-through programs	\$6.1 M	(\$.9 M)	\$5.2 M	(\$.3 M)	\$4.8 M
Strategic initiatives and incentive funding programs	<u>\$46.0 M</u>	<u>(\$7.0 M)</u>	<u>\$38.9 M</u>	<u>(\$1.6 M)</u>	<u>\$37.4 M</u>
Total	\$61.1 M	(\$8.5 M)	\$52.6 M	(\$2.1 M)	\$50.5 M

* These amounts are net of transfers to the Council and from the Council to postsecondary education institutions.

One Percent (1 percent) Budget Reduction Scenario

If the Council was forced to take an additional 1 percent General Fund budget reduction totaling \$525,800, it would likely spread the cut equally across all major funding categories, which would further reduce staff and the educational programs and services being provided by the Council and its pass-through and strategic investment funding programs.

This includes at least an additional one-to-two person reduction in Council and adult education staff, a reduction in all pass-through programs, and a 1 percent reduction in all of the Council's strategic initiatives and incentive funding programs, including 1 percent cuts in the Technology Initiative Trust Fund that houses KPEN and KYVC/KYVL technology contracts, faculty development, college access, and the college-level learning assessments, as well as 1 percent cuts in Kentucky Adult Education, the Science and Technology Funding Program, and the Regional Stewardship Funding Program.

Four Percent (4 percent) Budget Reduction Scenario

Highlighted below is a brief summary of the impact of an additional 4 percent budget reduction plan on Council operations, pass-through programs, and strategic initiatives and incentive funding programs.

Council Operations

Almost 85 percent of the Council Operations budget is allocated to salaries and fringe benefits for Council employees. The first three rounds of budget cuts for Council Operations, including the mid-year FY08, the enacted 2008-10, and the FY09 "efficiency savings" cuts, totaled almost a half-million dollars.

The previous reductions and current uncertain budget environment have resulted in approximately 13 vacant staff positions at the Council, a number of which are key senior leadership positions. Some of these positions will likely be filled after the new permanent Council President arrives in 2009. However, due to the severity of budget cuts and current fiscal environment, a number will likely remain unfilled indefinitely.

- o Vice President for Finance
- o Vice President for Academic Affairs
- o Vice President for Adult Education
- o Assistant Vice President for Academic Affairs
- o Associate VP for eLearning
- o Senior Advisor for Economic Initiatives
- o Director of eLearning Solutions, Information Technology
- o Information Specialist, Information Technology
- o Senior Associate (3), Adult Education and Communications
- o Associate, Adult Education
- o Executive Secretary, Executive Unit

Impact of additional budget cut - An additional mid-year FY09 budget reduction in Council Operations of approximately \$200,000 will result in two to three additional vacant positions going unfilled by the end of the fiscal year.

Pass-Through Programs

The Council is designated as the receiving agency for a number of programs and activities with General Fund appropriations ultimately intended for postsecondary education institutions, other state agencies, or independent organizations. These initiatives, which totaled approximately \$5.2 million in FY09, are monitored by the Council, while their day-to-day administration is, for the most part, directed by outside entities.

The three previous rounds of budget reductions over the past twelve months resulted in a decrease of almost \$1 million or approximately 15.8 percent less than the original FY08 General Fund appropriation of \$6.1 million.

These cuts resulted in the elimination of recurring General Funds for several pass-through programs including the Metroversity Consortium, the Telecommunications Consortium facilitated by Kentucky Educational Television (KET), and funding for the Kentucky Rural Development Center. Although mostly out of Council control, the Council endured serious negative feedback from these previous budget reductions.

In addition, previous rounds of budget cuts resulted in funding significant decreases to a number of other pass-through programs including the Professional Education Preparation Program, the Governor's Minority Student College Preparation Program, the Kentucky Autism Training Center, the SREB Doctoral Scholars Program, and the Washington Internship Program. All of these cuts resulted in decreased educational opportunities and services.

Contract Spaces Program – Currently, the Contract Spaces Program, which helps secure veterinary seats for Kentucky residents at Auburn University and Tuskegee University and optometry seats for Kentucky residents at Indiana University, Southern College of Optometry, and the University of Alabama Birmingham, makes up over 80 percent of the Council's pass-through programs, with an FY09 budget of \$4.2 million.

This program was heavily protected during the previous round of budget cuts, evidenced by an actual increase of 4.7 percent in its budget from FY08 to FY09. In addition, due to strong external pressure from the Kentucky Veterinary Medical Association during the summer of 2008, the Council agreed to increase the number of additional seats in this program from 154 in FY09 (for which the Council received recurring General Fund support) to 164 in FY10 (which the Council intended to support with nonrecurring funds).

Impact of additional budget cut – If a 4 percent budget reduction is realized, the Council will not be able to fulfill its commitment of an additional 10 seats for FY10. In fact, depending on the severity of the realized budget reduction, the Council may have to actually decrease the number of veterinary seats contracted for the fall of 2009 to a number closer to the 144 contracted for in the original FY08 budget.

Professional Education Preparation Program (PEPP) – The PEPP program assists students and prospective students from rural and inner-city areas experiencing medical and dental workforce shortages to gain admission to, and graduate from, medical and dental school. Funds are allocated to UK, UofL, and Pikeville College School of Osteopathic Medicine. The General Fund allocation for this program decreased 14.6 percent to \$355,700 from its original FY08 base of \$416,700.

Impact of additional budget cut – An additional budget cut to this program will make it even harder for low-income students to take advantage of this unique educational experience since its outreach will be diminished. In addition, it will also likely impact the Council’s ability to solicit federal matching funds since these General Funds are used in part as a match for Kentucky’s federal GEAR UP grant given the overlap in the target audiences.

Governor’s Minority Student College Preparation Program – This program provides academic enrichment activities for middle and junior high school students, encourages them to stay in school, and makes young African-American students aware of the benefits and value of college. General Fund support for this program decreased 15 percent over the past year, from \$292,200 in FY08 to \$248,400 in FY09.

Impact of additional budget cut – Any cut in this program will require a similar reduction in the General Funds available for UK and UofL to operate it. The number of students served will likely be reduced by another 15, which is on top of an approximately 60+ reduction in students due to the current FY09 cuts.

State Autism Training Center – This center is housed at UofL and provides school-based consultations, family technical assistance, and training activities for promoting the early identification of autism in children.

Impact of additional budget cut – An additional budget reduction in FY09, estimated at \$77,500, will significantly limit programs and services the Center provides at a time when the number of children diagnosed with autism continues to grow. Although this program has multiple funding sources, any additional reductions place its operations at risk, especially in this austere budget environment.

SREB Doctoral Scholars Program – This program is a cooperative interstate initiative that seeks to support and encourage minority students to pursue doctoral degrees. The General Fund support for this program decreased 15 percent from \$113,000 in FY08 to \$96,000 in FY09, prompting the need to eliminate two to three scholars from the program.

Impact of additional budget cut – The impact of an additional 4 percent budget cut in this program is uncertain and will depend upon the ability of UK and UofL to absorb the additional cost within their budgets, which will certainly be more difficult if 4 percent budget reductions are taken as well by these institutions.

Washington Intern Program – This program places undergraduate students, graduate students, and college graduates in the nation’s capital for a semester. The original FY08 General Fund budget for this program was \$108,000, which was reduced to \$50,000 in FY09.

Impact of additional budget cut – An additional cut of approximately \$5,000 in FY09 will likely prevent more students from taking advantage of this public engagement opportunity, although it has actually generated surplus balances in the past.

Strategic Initiatives and Incentive Funding Programs

The Council manages a number of strategic initiatives and incentive funding programs designed to promote and encourage the achievement of HB 1 (1997) and SB 1 (2000) goals. These funds currently account for approximately 75 percent of the Council’s overall FY09 General Fund appropriation.

The three previous rounds of budget cuts reduced these strategic funds by \$7 million or 15 percent, from \$46 million in FY08 to the current FY09 allocation of \$39 million.

Kentucky Adult Education – Currently, KYAE’s General Fund appropriation accounts for \$23.5 million or 60 percent of the Council’s \$39 million in strategic funds. This appropriation is predominantly parceled out and distributed to adult education providers to help fund personnel, programs, services, and supplies in all 120 counties of the Commonwealth. Due to the Governor’s leadership and support of this program, KYAE was exempted, by nearly \$1 million, along with the SEEK program in the Department of Education, universities, and KCTCS, in the FY09 “efficiency savings” reductions. According to the 2007 American Community Survey, the need for KYAE services are still in high demand, given that Kentucky currently ranks 48th in educational attainment of its adult population with a high school diploma or GED at 80 percent, compared to the U.S. average of 85 percent, and top performing states over 90 percent. According to the 2000 Census, 786,000 (26 percent) Kentuckians 18 years and older are without a high school diploma or GED.

Impact of additional budget cut – Consistent with the decision in FY09 to exempt KYAE from additional “efficiency savings” cuts, the Council would request that KYAE be exempted again from cuts if similar exemptions or reduced cuts are allocated to K-12 and the public postsecondary education institutions. Due to the dire budget environment, these exemptions may not be possible to balance the FY09 budget, but the Council would strongly request equal consideration for this important statewide educational provider.

If in fact an additional 4 percent reduction (\$941,000) is made to KYAE’s General Fund appropriation for the current fiscal year, given the mid-year nature of the cut, it will likely be absorbed through a combination of internal reallocations of state and federal funds and possibly a prorata distribution of the reduction to all statewide adult education service providers.

Approximately 90 percent of all funds granted to local county adult education programs are budgeted for personnel costs. Employees of local programs (in most cases local boards of education or KCTCS) receive their respective institutions' salary increments ranging from 1 to 5 percent and manage the increase of health care costs within the funding formula allocation provided by KYAE. As a result, if grant funds do not grow at the same rate of local salary and fringe costs, it is essentially a cut to local programs. This continues to compress the balance of the budget leaving a minimal margin to manage their own increased operational costs, along with needed instructional technology, software, curriculum materials, and other instructional resources.

Additional proposed budget reductions will further exacerbate the above described fiscal impact. If these cuts are passed on to local programs through a funding formula reduction, it is not clear how they would be able to manage them other than through staff reductions of employees who are often employed via annual contracts. Future KYAE budget proposals must give consideration to growth triggers comparable to personnel and operating growth averages of the entities contracted with at the local level. Otherwise, KYAE will be continually challenged by local cost increases if KYAE's funding formula does not keep pace.

Furthermore, the programmatic impact of fewer instructors (i.e., a cut of \$900,000 equates to roughly 30 fewer GED instructors at an average salary of \$30,000 per year) will likely lead to an inability to meet key indicator goals for GED graduates (i.e., over 400 fewer students earning a GED decreases earning potential of these Kentuckians by \$4 million in one year) and for students transitioning to postsecondary education, and will make it more difficult to stay on trajectory to meet the Double the Numbers goal.

Science and Technology Funding Program – Approximately \$7.2 million or 18 percent of the \$38.9 million in the strategic initiative and incentive funding program is managed by the Kentucky Science and Technology Corporation (KSTC). These funds, including the Rural Innovation Fund, Research and Development Vouchers, Commercialization, EPSCoR, and the Science and Engineering Foundation, help support new economy initiatives that promote research and economic development in all areas of the Commonwealth. In FY09, approximately \$7.2 million in General Funds is channeled to KSTC for these initiatives, which is \$1.8 million or 20 percent less than the original FY08 General Fund appropriation of \$8.9 million.

Impact of additional budget cut – Similar to the previous round of cuts, an additional 4 percent reduction in these funds, totaling a little less than \$300,000, would continue to reduce the number of awards and investments made by all programs and thus result in lost ROI funding for additional venture capital and federal sources.

These funding cuts will also likely lead to continued curtailment of innovation in Kentucky and negative impact on the Commonwealth's ability to make the transformational changes. These are the changes necessary to stimulate the exponential growth in economic and community development for Kentucky to secure a competitive position in the global marketplace. High risk investments at the margin are required for high returns, and continuing to decrease this valuable seed funding will cause permanent damage to potential exponential future growth. Federal matches, particularly with EPSCoR funding, may also be at risk with continued reductions in this funding program.

P-16 Engineering Pipeline – These are funds to support the nationally recognized program called Project Lead the Way, an inclusive engineering program in middle schools and high schools.

Impact of additional budget cut – An aggressive cut to the Project Lead the Way initiative will limit the regional impact of this successful program since it will likely result in a decreased number of schools and students served by the program.

Technology Initiative Trust Fund – This fund represents several statewide strategic investments intended to promote advancement toward reform goals, including the use of technology, faculty development, promotion of college access, and the assessment of college level learning. Due to the three rounds of budget cuts, this trust fund has decreased by approximately \$1.4 million or 18 percent to \$6.3 million from its original FY08 General Fund base of \$7.8 million.

Over 90 percent of this trust fund is allocated to two major statewide technology initiatives coordinated by the Kentucky Virtual Campus (KYVC) and Kentucky Virtual Library (KYVL). This includes approximately \$2.7 million in FY09 to support technology contracts for the KYVC and KYVL and about \$3.2 million to support connectivity and information network capabilities through the Kentucky Postsecondary Education Network (KPEN).

Impact of additional budget cut – Additional budget cuts for KPEN will cause a further slowing of circuits to the 65 postsecondary locations across the state. Slowed circuits will hamper, restrict, and inhibit the ability of students and faculty to perform learning and research activities on the Internet.

Access by remote online students to their courses and library materials will be frustrated. This is also true for students living off campus. Note that there are economies of scale when buying these data circuits (i.e., the last dollar in buys much more capacity than the first dollar in, so the first dollar cut has a disproportionate impact on the speed of the network).

An additional cut to KYVC and KYVL technology contracts would require the need to invoke clauses that would allow release from obligations when the state fails to appropriate funds. Included among the impacts of such a cut would be:

- Public library users, school library students, and postsecondary library faculty and students will see a further reduction of available electronic materials. Institutions may see their SACS accreditation put in jeopardy. Well-funded libraries may acquire similar holdings on their own while poorly-funded libraries will have to do without.
- Developmental education math students and other K-12 and postsecondary education students will not have the electronic materials planned for in the Kentucky Learning Depot repository project. Development of this innovative resource sharing platform will have to be stopped.
- A reduction in access to online professional development for teachers and criminal justice employees, as well as online courses for returning adults, may be required.

Additional cuts made to faculty development and college level learning assessment would require some scaling back of these initiatives for the spring of 2009.

Unfortunately, the College Access Initiative, designed to stimulate exactly the kind of efforts being promoted by the Governor's Higher Education Work Group (HEWG), will likely be curtailed during the spring of 2009 due to lack of funds.

More specifically, an important transfer study may have to be shelved, critical updates to media messaging targeted to bringing more adults back into postsecondary education may have to be eliminated, and a major media campaign planned for April to June 2009 to drive fall 2009 enrollments, particularly for low-income and adult learners, may have to be substantially scaled back due to lack of funds.

Kentucky has 550,000 adults with some college but no degree. According to recent surveys of these adults, 57 percent would consider returning to college but it is a step that they will consider over the next three years. CPE research notes that the longer these adult learners are out of college, the less likely they are to return. Further, this market is the fastest growing and has tripled since 1970.

With an additional cut in this area, the revised FY09 budget for Kentucky's statewide college access campaign is \$225,000, which is exactly half of what was originally allocated in FY08, and is completely inadequate to increase the college going rate in a state that traditionally has not sufficiently valued postsecondary and adult education.

Regional Stewardship Funding Program – This regional development initiative was originally funded in the 2006-08 biennium at \$3.6 million. The majority of the funds are distributed directly to the comprehensive universities. To date, Northern Kentucky University has received \$500,000 of recurring General Funds for this initiative because that institution has progressed further, while the other comprehensive universities have received \$200,000 of recurring funds. In the 2008-10 budget process, the Council withheld \$1.5 million, which equates to \$500,000 for each comprehensive university other than NKU, until these institutions fulfilled outstanding obligations under their regional stewardship memorandums of agreement. Unfortunately due to previous budget cuts, \$600,000 of regional grant funds to be distributed by the Council to communities was eliminated.

Impact of additional budget cut – An additional 4 percent budget reduction will reduce regional stewardship funding by \$60,000, or \$12,000 per comprehensive institution, excluding NKU. Although all cuts impact desired outcomes, this small reduction should not have a dramatic impact on the overall goals of this community development program. However, it will be on top of additional institutional cuts.

DRAFT

**Council on Postsecondary Education
2008-09 Budget Reductions
General Funds**

11/24/2008

Programs	Historical Information					Projected Budget Reductions							
	Original 2007-08 Budget	2008-09 GF Budget HB 406	2008-09 "Efficiencies" Reduction	% Cut (-)	2008-09 General Fund Revised	% Cut (-) From 2007-08	1% - ATB "Poor Economy" Reduction	2008-09 General Fund Revised	% Cut (-) From 2007-08	4% - Selected "Poor Economy" Reduction	% Cut (-) this cut only	2008-09 General Fund Revised	% Cut (-) From 2007-08
Operations													
General CPE Operations	8,943,100	8,695,000	(235,600)	-2.7%	8,459,400	-5.4%	(84,600)	8,374,800	-6.4%	(211,500)	-2.5%	8,247,900	-7.8%
Pass-Through Programs													
Contract Spaces	4,056,100	4,280,100	(32,300)	-0.8%	4,247,800	4.7%	(42,500)	4,205,300	3.7%	(170,000)	-4.0%	4,077,800	0.5%
Metroversity Consortium	58,800	0	0	0.0%	0	-100.0%		0	-100.0%			0	-100.0%
Professional Education Prep. Program	416,700	355,700	0	0.0%	355,700	-14.6%	(3,600)	352,100	-15.5%	(65,600)	-18.4%	290,100	-30.4%
Telecommunications Consortium	182,700	0	0	0.0%	0	-100.0%		0	-100.0%			0	-100.0%
Minority Student College Prep. Program	292,200	248,400	0	0.0%	248,400	-15.0%	(2,500)	245,900	-15.8%	(9,900)	-4.0%	238,500	-18.4%
State Autism Training Center	217,800	185,900	(8,400)	-4.5%	177,500	-18.5%	(1,800)	175,700	-19.3%	(77,500)	-43.7%	100,000	-54.1%
Kentucky Rural Development Center	698,200	0	0	0.0%	0	-100.0%		0	-100.0%			0	-100.0%
SREB Doctoral Scholars Program	113,000	96,000	0	0.0%	96,000	-15.0%	(1,000)	95,000	-15.9%	(3,800)	-4.0%	92,200	-18.4%
Washington Intern Program	108,000	100,000	(50,000)	-50.0%	50,000	-53.7%	(500)	49,500	-54.2%	(5,000)	-10.0%	45,000	-58.3%
Pass-Through Programs Subtotal	6,143,500	5,266,100	(90,700)	-1.7%	5,175,400	-15.8%	(51,900)	5,123,500	-16.6%	(331,800)	-6.4%	4,843,600	-21.2%
Strategic Initiative and Incentive Funding Programs													
Technology Initiative Trust Fund													
KY Postsecondary Education Network (KPEN)	3,986,300	3,314,800	(149,200)	-4.5%	3,165,600	-20.6%	(31,700)	3,133,900	-21.4%	(63,600)	-2.0%	3,102,000	-22.2%
Faculty Development	83,900	40,000	10,000	25.0%	50,000	-40.4%	(500)	49,500	-41.0%	(10,000)	-20.0%	40,000	-52.3%
College Access Initiative	450,000	346,200	(46,200)	-13.3%	300,000	-33.3%	(3,000)	297,000	-34.0%	(75,000)	-25.0%	225,000	-50.0%
College Level Learning Assessment	150,000	127,700	(7,700)	-6.0%	120,000	-20.0%	(1,200)	118,800	-20.8%	(10,000)	-8.3%	110,000	-26.7%
KYVC/VL technology contracts	<u>3,109,400</u>	<u>2,969,400</u>	<u>(262,700)</u>	<u>-8.8%</u>	<u>2,706,700</u>	<u>-13.0%</u>	<u>(27,100)</u>	<u>2,679,600</u>	<u>-13.8%</u>	<u>(54,100)</u>	<u>-2.0%</u>	<u>2,652,600</u>	<u>-14.7%</u>
Sub-total	7,779,600	6,798,100	(455,800)	-6.7%	6,342,300	-18.5%	(63,500)	6,278,800	-19.3%	(212,700)	-3.4%	6,129,600	-21.2%
Kentucky Adult Education Funding Program	25,026,000	23,526,000	0	0.0%	23,526,000	-6.0%	(235,300)	23,290,700	-6.9%	(941,000)	-4.0%	22,585,000	-9.8%
Science and Technology Funding Program													
Rural Innovation Fund (KSTC)	1,000,000	838,221	(44,236)	-5.3%	793,985	-20.6%	(7,900)	786,085	-21.4%	(31,800)	-4.0%	762,185	-23.8%
Research & Development Vouchers (KSTC)	2,830,650	2,372,711	(66,979)	-2.8%	2,305,732	-18.5%	(23,100)	2,282,632	-19.4%	(92,200)	-4.0%	2,213,532	-21.8%
Commercialization (KSTC)	726,000	608,548	(32,115)	-5.3%	576,433	-20.6%	(5,800)	570,633	-21.4%	(23,100)	-4.0%	553,333	-23.8%
EPSCoR (KSTC)	2,439,900	2,045,175	(107,930)	-5.3%	1,937,245	-20.6%	(19,400)	1,917,845	-21.4%	(77,500)	-4.0%	1,859,745	-23.8%
Science and Engineering Foundation (KSTC)	<u>1,936,000</u>	<u>1,622,795</u>	<u>(85,640)</u>	<u>-5.3%</u>	<u>1,537,155</u>	<u>-20.6%</u>	<u>(15,400)</u>	<u>1,521,755</u>	<u>-21.4%</u>	<u>(61,500)</u>	<u>-4.0%</u>	<u>1,475,655</u>	<u>-23.8%</u>
KSTC Sub-total	8,932,550	7,487,450	(336,900)	-4.5%	7,150,550	-19.9%	(71,600)	7,078,950	-20.8%	(286,100)	-4.0%	6,864,450	-23.2%
Knowledge-based Engineering Program	250,000	250,000	(250,000)	-100.0%	0	-100.0%	0	0	-100.0%	0		0	-100.0%
P-16 Engineering Pipeline (PLTW)	350,000	350,000	0	0.0%	350,000	0.0%	(3,500)	346,500	-1.0%	(60,000)	-17.1%	290,000	-17.1%
Program Administration	<u>73,350</u>	<u>73,350</u>	<u>0</u>	<u>0.0%</u>	<u>73,350</u>	<u>0.0%</u>	<u>(700)</u>	<u>72,650</u>	<u>-1.0%</u>	<u>0</u>	<u>0.0%</u>	<u>73,350</u>	<u>0.0%</u>
Sub-total	9,605,900	8,160,800	(586,900)	-7.2%	7,573,900	-21.2%	(75,800)	7,498,100	-21.9%	(346,100)	-4.6%	7,229,800	-24.8%
Regional Stewardship Funding Program	2,100,000	1,500,000	0	0.0%	1,500,000	-28.6%	(15,000)	1,485,000	-29.3%	(60,000)	-4.0%	1,440,000	-31.4%
Special Initiatives Funding Program													
Performance Funding	1,000,000	0	0	0.0%	0	-100.0%		0	-100.0%			0	-100.0%
Principal Leadership Institute	<u>500,000</u>	0	0	0.0%	0	-100.0%		0	-100.0%			0	-100.0%
Sub-total	1,500,000	0	0	0.0%	0	-100.0%		0	-100.0%			0	-100.0%
Trust Funds and Funding Programs Subtotal	46,011,500	39,984,900	(1,042,700)	-2.6%	38,942,200	-15.4%	(389,600)	38,552,600	-16.2%	(1,559,800)	-4.0%	37,382,400	-18.8%
Total General Funds	61,098,100	53,946,000	(1,369,000)	-2.5%	52,577,000	-13.9%	(526,100)	52,050,900	-14.8%	(2,103,100)	-4.0%	50,473,900	-17.4%

**Council on Postsecondary Education
2008-09 Budget Reductions
General Funds**

Programs	Original 2007-08 GF Budget	3.0% GF Budget Reduction	% Cut (-)	Revised '08 GF Budget With 3% Cut	Transfers IN & OUT	Exec./Leg. Adjustments 2008-09	% Cut (-)	2008-09 GF Budget HB 406	2008-09 "Efficiencies" Reduction	% Cut (-)	2008-09 General Fund Post Cut	FY08 and FY09 General Fund Total Cuts	Total % Cut (-)
Operations													
General CPE Operations	8,943,100	(90,800)	-1.0%	8,852,300		(157,300)	-1.8%	8,695,000	(235,600)	-2.7%	8,459,400	(483,700)	-5.4%
Pass-Through Programs													
Contract Spaces	4,056,100	(31,200)	-0.8%	4,024,900		255,200	6.3%	4,280,100	(32,300)	-0.8%	4,247,800	191,700	4.7%
Metroversity Consortium	58,800	0	0.0%	58,800		(58,800)	-100.0%	0	0	0.0%	0	(58,800)	-100.0%
Professional Education Prep. Program	416,700	(12,500)	-3.0%	404,200		(48,500)	-12.0%	355,700	0	0.0%	355,700	(61,000)	-14.6%
Telecommunication Consortium (ETV)	182,700	(5,500)	-3.0%	177,200		(177,200)	-100.0%	0	0	0.0%	0	(182,700)	-100.0%
Minority Student College Prep. Program	292,200	0	0.0%	292,200		(43,800)	-15.0%	248,400	0	0.0%	248,400	(43,800)	-15.0%
State Autism Training Center	217,800	(6,500)	-3.0%	211,300		(25,400)	-12.0%	185,900	(8,400)	-4.5%	177,500	(40,300)	-18.5%
Kentucky Rural Development Center	698,200	(20,900)	-3.0%	677,300		(677,300)	-100.0%	0	0	0.0%	0	(698,200)	-100.0%
SREB Doctoral Scholars Program	113,000	0	0.0%	113,000		(17,000)	-15.0%	96,000	0	0.0%	96,000	(17,000)	-15.0%
Pass-Through - Other													
Martin Luther King Scholarship at KSU	9,600	0	0.0%	9,600	(9,600)		0.0%	0	0	0.0%	0	0	0.0%
Washington Intern Program	108,000	(108,000)	-100.0%	0		100,000	0.0%	100,000	(50,000)	-50.0%	50,000	(58,000)	-53.7%
Pass-Through Programs Subtotal	6,153,100	(184,600)	-3.0%	5,968,500	(9,600)	(692,800)	-11.6%	5,266,100	(90,700)	-1.7%	5,175,400	(968,100)	-15.7%
Strategic Initiative and Incentive Funding Programs													
Technology Initiative Trust Fund													
KY Postsecondary Education Network (KPEN)	2,702,100	(86,500)	-3.2%	2,615,600	1,284,200	(585,000)	-22.4%	3,314,800	(149,200)	-4.5%	3,165,600	(820,700)	17.2%
Faculty Development	83,900	(2,700)	-3.2%	81,200		(41,200)	-50.7%	40,000	10,000	25.0%	50,000	(33,900)	-40.4%
College Access Initiative	450,000	0	0.0%	450,000		(103,800)	-23.1%	346,200	(46,200)	-13.3%	300,000	(150,000)	-33.3%
College Level Learning Assessment	150,000	(4,800)	-3.2%	145,200		(17,500)	-12.1%	127,700	(7,700)	-6.0%	120,000	(30,000)	-20.0%
KYVC/VL technology contracts	<u>3,109,400</u>	<u>(40,000)</u>	<u>-1.3%</u>	<u>3,069,400</u>		<u>(100,000)</u>	<u>-3.3%</u>	<u>2,969,400</u>	<u>(262,700)</u>	<u>-8.8%</u>	<u>2,706,700</u>	<u>(402,700)</u>	<u>-13.0%</u>
Sub-total	6,495,400	(134,000)	-2.1%	6,361,400	1,284,200	(847,500)	-13.3%	6,798,100	(455,800)	-6.7%	6,342,300	(1,437,300)	-2.4%
Physical Facilities Trust Fund								0	0	0.0%	0	0	0.0%
Postsecondary Workforce Development Trust Fund	1,200,000	0	0.0%	1,200,000	(1,200,000)		0.0%	0	0	0.0%	0	0	0.0%
Kentucky Adult Education Funding Program	25,026,000	(800,800)	-3.2%	24,225,200		(699,200)	-2.9%	23,526,000	0	0.0%	23,526,000	(1,500,000)	-6.0%
Science and Technology Funding Program													
Rural Innovation Fund (KSTC)	1,000,000	(47,131)	-4.7%	952,869		(114,648)	-12.0%	838,221	(44,236)	-5.3%	793,985	(206,015)	-20.6%
Research & Development Vouchers (KSTC)	2,830,650	(133,411)	-4.7%	2,697,239		(324,529)	-12.0%	2,372,710	(66,978)	-2.8%	2,305,732	(524,918)	-18.5%
Commercialization (KSTC)	726,000	(34,217)	-4.7%	691,783		(83,235)	-12.0%	608,548	(32,115)	-5.3%	576,433	(149,567)	-20.6%
EPSCoR (KSTC)	2,439,900	(114,995)	-4.7%	2,324,905		(279,730)	-12.0%	2,045,175	(107,930)	-5.3%	1,937,245	(502,655)	-20.6%
Science and Engineering Foundation (KSTC)	<u>1,936,000</u>	<u>(91,246)</u>	<u>-4.7%</u>	<u>1,844,754</u>		<u>(221,959)</u>	<u>-12.0%</u>	<u>1,622,795</u>	<u>(85,640)</u>	<u>-5.3%</u>	<u>1,537,155</u>	<u>(398,845)</u>	<u>-20.6%</u>
Sub-total	8,932,550	(421,000)	-4.7%	8,511,550	0	(1,024,100)	-12.0%	7,487,450	(336,900)	-4.5%	7,150,550	(1,782,000)	-19.9%
Knowledge-based Engineering Program	1,000,000	0	0.0%	1,000,000	(750,000)		0.0%	250,000	(250,000)	-100.0%	0	(250,000)	-25.0%
P-16 Engineering Pipeline	350,000	0	0.0%	350,000	0		0.0%	350,000	0	0.0%	350,000	0	0.0%
Program Administration	<u>73,350</u>	<u>0</u>	<u>0.0%</u>	<u>73,350</u>	<u>0</u>		<u>0.0%</u>	<u>73,350</u>	<u>0</u>	<u>0.0%</u>	<u>73,350</u>	<u>0</u>	<u>0.0%</u>
Sub-total	10,355,900	(421,000)	-4.1%	9,934,900	(750,000)	(1,024,100)	-10.3%	8,160,800	(586,900)	-7.2%	7,573,900	(2,032,000)	-19.6%
Regional Stewardship Funding Program	3,600,000	(115,200)	-3.2%	3,484,800	(1,500,000)	(484,800)	-13.9%	1,500,000	0	0.0%	1,500,000	(600,000)	-16.7%
Research Support Funding Program	3,000,000	0	0.0%	3,000,000	(3,000,000)		0.0%	0	0	0.0%	0	0	0.0%
Special Initiatives Funding Program													
Performance Funding	1,000,000	(193,800)	-19.4%	806,200	0	(806,200)	-100.0%	0	0	0.0%	0	(1,000,000)	-100.0%
Principal Leadership Institute	<u>500,000</u>	<u>(48,000)</u>	<u>-9.6%</u>	<u>452,000</u>	<u>0</u>	<u>(452,000)</u>	<u>-100.0%</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>	<u>0</u>	<u>(500,000)</u>	<u>-100.0%</u>
Sub-total	1,500,000	(241,800)	-16.1%	1,258,200	0	(1,258,200)	-100.0%	0	0	0.0%	0	(1,500,000)	-100.0%
Trust Funds and Funding Programs Subtotal	51,177,300	(1,712,800)	-3.3%	49,464,500	(5,165,800)	(4,313,800)	-8.7%	39,984,900	(1,042,700)	-2.6%	38,942,200	(7,069,300)	-13.8%
Total General Funds	66,273,500	(1,988,200)	-3.0%	64,285,300	(5,175,400)	(5,163,900)	-8.0%	53,946,000	(1,369,000)	-2.5%	52,577,000	(8,521,100)	-12.9%



Kentucky Council on Postsecondary Education

Steven L. Beshear
Governor

December 5, 2008

1024 Capital Center Drive, Suite 320
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Richard A. Crofts
Interim President

Mr. John Hicks
Acting State Budget Director
Office of the State Budget Director
284 Capitol Annex
Frankfort, KY 40601

Dear Acting State Budget Director Hicks:

Per your request on November 25, 2008, we have attached draft plans from Kentucky's public postsecondary institutions that briefly describe the immediate and long-term negative impact of an additional four percent FY09 General Fund reduction on the system's ability to achieve the reform goals outlined in the *Postsecondary Education Improvement Act of 1997* (HB 1).

Given the magnitude of the current fiscal crisis, the postsecondary education system appreciates the opportunity to provide direct feedback to Governor Beshear as he attempts to put a strategic plan in place to successfully navigate the Commonwealth through this current national economic turmoil.

The prospect of a four percent General Fund reduction in 2008-09, on top of the six percent reductions made over the last 12 months, will greatly challenge the system's ability to maintain access and affordability, produce additional degrees, and enhance the research and economic and community development needed to achieve the *Double the Numbers* goals by 2020.

Please refer to the attached draft reduction plans for specific information. However, in general, institutions are reviewing or planning to implement some or all of the following strategies to deal with the potential cuts:

- Reduce personnel, freeze open positions, and limit faculty and staff salary increases
- Reduce contingency funds used for strategic investments
- Defer much needed maintenance on campus facilities
- Reduce student financial aid
- Postpone or eliminate technology upgrades
- Limit or eliminate program and services
- Close extended campuses
- Reduce faculty and staff development and travel
- Cap enrollments

A review of this list illustrates the serious impact that these cuts will have on campus operations.

Acting State Budget Director Hicks
December 5, 2008
Page Two

Kentucky's colleges and universities have demonstrated amazing resolve and produced significant results over the past decade in areas such as preparation, enrollment, degree production, and community outreach, despite funding instability that compromises the ability of campuses to plan strategically. In addition, our colleges and universities continue to be catalysts for research and economic development at both the state and regional level.

There is no question that new cutbacks will make our collective jobs harder. Every additional budget reduction makes the chance of continued success in goal achievement much more difficult. But it is clear to me that given the progress made over the past decade, it is premature to talk about the abandonment of the Commonwealth's postsecondary education goals, as some comments in the media have suggested. Kentucky's postsecondary education system must remain steadfast in its commitment if we are to continue to make progress toward the 2020 reform goals.

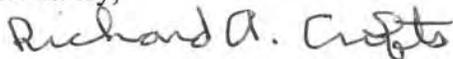
Kentucky's economic future depends on increasing educational attainment and providing opportunity for all of our citizens. We cannot afford to fail in this fundamental effort. In the current fiscal environment, education must be considered an investment in the future and not a budget expense.

During this critical time period, I am committed to making sure that the full resources of Kentucky's postsecondary system are available to the Governor to help provide additional ideas in dealing with the current budget situation.

Given the quick turnaround required for these draft plans, it is likely that should the cut be implemented additional time and discussion will be needed to refine and develop the plans. It would also be appropriate to mention that time has not permitted the Council members to review these draft plans. It is my intention to address the impact of a mid-year budget reduction on the 2020 goals at the next Council meeting.

Please let me know if you have questions on these documents or if I can provide any additional information that would be helpful to the Governor in his planning efforts. I look forward to additional communications in the weeks ahead.

Sincerely,



Dr. Richard A. Crofts
Interim President

Attachments

cc: Members, Council on Postsecondary Education
Institutional Presidents
Larry Hayes, Secretary of the Governor's Cabinet

Impact of Budget Cuts on Institutional Operations
at
Eastern Kentucky University
December 3, 2008

Since January 2008, Eastern Kentucky University has absorbed a 5.9 percent reduction in state appropriations (approximately \$4.7 Million). The initial reduction of 3 percent occurred at the mid-point of the 2007-08 academic year with the remainder effective at the beginning of the 2008-09 academic year.

To manage an additional reduction of 4 percent (\$3,009,400) within the 2008-09 academic year, EKU would make the following adjustments while implementing additional cost containment strategies. Strategic and long-term implementation of additional reductions will involve the entire organization and will seek to do the following:

1. Protect EKU's core instructional mission.
2. Avoid forced layoffs of faculty and staff supported by our general fund and auxiliary budgets.

Immediate Anticipated Budget Adjustments

- Strategic reduction of approximately \$1,750,000 in personnel and operating budgets structured to minimize the impact to the core instructional mission. Earlier budget adjustments resulted in overall reduction, through attrition, of approximately 50 faculty and staff positions. Further necessary reductions would be absorbed with cash in existing vacancies and the balance through attrition.
- A further reduction of \$1,000,000 of base budget funding for deferred maintenance. Additional reductions will result in an almost 40% decrease in deferred maintenance funds over the last 18 months. Necessary repairs and renovations of state-owned facilities will be deferred until future years.
- A further reduction of \$250,000 in contingencies designed for strategic initiatives

Continued Cost Containment Strategies

- The primary cost containment strategy at EKU is a continued personnel hiring freeze. Much of the institution's earlier budget reduction has been absorbed through attrition of faculty and staff. Strategic discussions are required by academic and administrative leadership, which restrict all hiring to positions considered critical to the Institution's primary mission.
- Faculty opportunities for research/scholarship and service will be reduced due to the need for additional classroom instruction resulting from the hiring freeze.
- Travel will be limited to professional meetings and conferences.

- In response to earlier reductions, the deferred maintenance budget was reduced by 20 percent. This translates into fewer roofs, air handler replacements, needed classroom improvements, and renovations on a permanent basis. The anticipation of additional reductions exacerbates the deficiencies identified in the VFA Report commissioned by the CPE and delays the recovery of our facilities to national norms indefinitely. The deterioration of these state-owned facilities will result in much higher maintenance and repair costs when funds are available.
- The decision to incorporate a performance contract into a deferred maintenance and capital replacement plan is affirmed by the budget cutbacks, and is one of the ways ECU is addressing efficiencies. This contract will allow ECU to pay for \$27 million in infrastructure improvements through the savings in utility costs derived from efficiencies gained through the equipment installed through the performance contract process. Our efficiency and operations will be improved without cost to our students and without diverting the support of the Commonwealth; the entire project will be paid through the reduction in utility expenses.
- New initiatives to reduce printing and mailing costs have been implemented. These initiatives include moving toward e-bills, rather than paper bills. When fully implemented this initiative will save a minimum of \$35,000 annually. The production of student refund checks have been outsourced to Higher One, eliminating the printing and postage of more than 12,000 student refund checks just this fall semester.

While the necessary budget adjustments and cost containment strategies outlined above provide an immediate strategy to protect ECU's core instructional mission, the long term impact of reduced funding for higher education cannot protect the Commonwealth from the negative impact of potential enrollment reductions, fewer college graduates prepared for life and work, and ultimately further economic decline. The following summarizes some of the longer term affects of further budget reductions at ECU.

Long-term Impact

- The long term impact of reduced enrollments will further impede Kentucky's efforts to double its number of college graduates by 2020. Although ECU will not purposely limit enrollment as a cost containment strategy, it is anticipated that enrollment, retention and graduation rates will decline.
- Budget reductions are in direct conflict with the Commonwealth's emphasis on college affordability and will further challenge the goal of balancing tuition with a student's ability to pay.

- Kentucky's college students will likely experience diminished scholarship opportunities and weakened financial aid, causing students to endure the harshest burdens of budget reductions. Internal reallocation strategies have allowed for an increase of \$1.5Million in scholarship and financial aid availability for ECU students. This increase represents more than half of the total increase of the institution's operations for Fiscal Year 2009-2010. Further budget reductions will not only impede this progress but may lead to reduced availability of institutionally funded financial aid.
- The Commonwealth's reliance on postsecondary education for the creation of good jobs, promotion of public health and civic engagement will be stifled.
- ECU will continue to lose stellar, mid-career faculty and staff.
- Increased reliance on temporary one-year and part-time faculty will occur, which impacts the quality of the faculty and ultimately student retention and graduation.
- ECU students will likely experience a reduced number of academic programs and course offerings, limiting schedule options and choices in fields of study and career preparation and significantly increasing time to degree.
- The challenge of retaining and recruiting highly qualified faculty to the University and the Commonwealth will increase.
- Faculty workloads may be modified, providing fewer opportunities for research and scholarship which will negatively impact regional stewardship initiatives in support of public schools and economic development.
- ECU's capacity and opportunities for providing services and academic programming at the regional campuses and extended sites will be diminished.

IMPACT OF BUDGET REDUCTIONS ON KCTCS OPERATIONS
REPORT TO THE GOVERNOR'S OFFICE
December 3, 2008

1. Budget Context

- KCTCS base state appropriation already has been reduced in calendar year 2008 by two consecutive 3 percent budget reductions – the first in January 2008 and the second in July 2008 totaling more than \$13.5 million below the original 2007-08 budget amount. If executed, the 4 percent budget reduction for which we have been asked to plan would amount to another \$8.8 million reduction. This would mean that in 12 months the KCTCS state appropriation base would have been reduced by \$22.3 million, 10 percent below the original 2007-08 budget amount.
- KCTCS state appropriation already has been reduced six times since 2001-02 totaling \$31.5 million. If executed, the 4 percent budget reduction would be the seventh budget reduction since 2001-02 totaling \$40.3 million.
- A 4 percent reduction would reduce the KCTCS state appropriation to the 1998-99 funding level in inflation adjusted dollars and would reduce the state appropriation per FTE student to more than 40 percent below the 1998-99 funding level in inflation adjusted dollars.

2. Overall Impact

- To prepare for the future, in 2006-08 KCTCS committed two years of study and market research producing two major reports:
 - *Eye of the Storm: Kentucky's Looming Workforce Crisis (2007)*
 - Face-to-face dialogues with 306 CEO's
 - Confirmed severe shortages in qualified employees
 - Global competitiveness threatened by workforce issues
 - *Plan for a Competitive Commonwealth 2008-2020*
 - 5 Strategic Initiatives designed to reach 2020 goals assigned to KCTCS in HB1 (1997)
 - Designed to attract, retain, and expand business and industry
 - Focused on supplying a qualified, highly trained workforce, targeted at high-growth, high-wage jobs
 - Outlined KCTCS funding needs over a 12 year period
- The overall impact of the series of budget reductions in 2008, including the possible 4 percent reduction, is that it will take longer to achieve the 2020

goals established for KCTCS in the Higher Education Improvement Act of 1997 (House Bill 1). The pattern of increases followed by decreases in state appropriation has made planning difficult and means that KCTCS has been unable to aggressively implement the *Plan for a Competitive Commonwealth 2008-2020*. Given the series of budget reductions, the goals originally envisioned to be achieved by 2020 may more likely not be achieved until much later, perhaps as late as 2030.

- Fall 2008 enrollment is 89,940, down from 92,828 in fall 2007. This 3.1 percent decrease is the first decrease in KCTCS enrollment since KCTCS was formed in 1997.

3. Actions taken to absorb budget cuts and related impacts

Changes in personnel, programs, and services

- The KCTCS Board of Regents did not approve a salary increase for its employees in 2008-09.
- The first two budget cuts in 2008 resulted in 240 fewer full-time and part-time faculty and staff positions since July 1, 2007. Another 4 percent budget reduction will result in dozens more faculty and staff positions being eliminated. Positions that have become vacant during the year will be reviewed for elimination. Currently filled positions may have to be eliminated as well.
- Elimination of positions has limited colleges' ability to offer programs, courses, sections of courses, and services to students and businesses. Further reductions in positions will result in further limitation of programs, courses, sections of courses, and services to students and businesses.
- Thus far in 2008-09, 10 KCTCS colleges have eliminated one or more full academic programs on one or more of their campuses. Another budget reduction in 2008-09 or 2009-10 will result in more academic programs being eliminated or planned new programs in high growth, high wage job areas not being implemented.
- Thus far in 2008-09 enrollment has been capped in one or more programs at 12 KCTCS colleges, including LPN and ADN nursing programs, radiography programs, and respiratory programs at some colleges. Another budget reduction in 2008-09 or 2009-10 will result in more programs having enrollment caps. This is especially troublesome for the state when programs in high growth, high wage job areas such as nursing and allied health are further limited.

- Thus far in 2008-09 services to students and businesses have been reduced at 15 colleges. Another budget reduction in 2008-09 or 2009-10 will result in further reduction of these services. This will impact student retention and likely will result in students taking a longer time to complete credentials.
- Needed technology upgrades will be postponed or eliminated. This will be especially difficult for technical programs at all colleges.
- Needed maintenance projects will be postponed or eliminated.

Cost containment strategies in 2008-09 to accommodate a 4 percent reduction

- Thus far in 2008-09 colleges have discontinued program offerings on certain campuses and in selected off-campus locations. These actions will continue.
- Salary savings from positions that have become vacant during 2008-09 will be used for any budget reduction.
- Operating budgets will be reduced and savings will be used for any budget reduction.

Kentucky State University 4% General Fund Budget Impact Statement

Over the last several years, Kentucky State University has made steady progress in growing its student population, providing more course and degree offerings, analyzing and improving where necessary its quality of service to students, faculty, and staff. During this time, the University has also become a more effective contributor to the Frankfort/Franklin County community. Unfortunately, the University has been forced to delay implementation of these initiatives due to General Fund budget reductions in 2006. The current and future viability of these initiatives will be in peril if the university has to reduce its FY 2009 General Fund budget by an additional 4% or \$1,040,700. The immediate fiscal hurdle for KSU would be absorbing this 4% cut at the midpoint of the fiscal year.

Enrollment Management. Kentucky State University's fall enrollment has increased by 151% from 2003 to 2007 (1,155 to 2,897). This has and is being driven by an intensive effort to increase the freshman class which has resulted in a 211% increase in freshmen enrollment over the same period. KSU budgets approximately \$500,000 in the Admission's Office to recruit, admit, and retain students. The university will be forced to substantially cut support to this initiative by 10 to 20 percent to meet the immediate proposed budget reduction, which will negatively impact the number of new students entering KSU in the Fall, 2009 and the overall enrollment numbers. The secondary effect of this reduction in new students is the loss of the related tuition income that also supports the quality of education at the university.

Course and Degree offerings. Consistent with growing the university enrollment, KSU has added three new graduate programs over the past three years. As with all new programs early growth can be slow and must be nurtured with financial support to bring in qualified faculty and promote the programs. While the graduate program budget will not be reduced, the lack of additional monies to these programs will restrict growth and development and as a consequence reduce its attractiveness to both the KSU graduate and others who may desire a Masters in Business, Computer Science or Special Education.

Analyzing and improving the quality of service where necessary. The university is currently engaged in the preparation for reaccreditation by the Southern Association of Colleges and Schools (SACS). The reaccreditation process begins with a self analysis of all university operations against standards set by SACS and the required development of a Quality Enhancement Program (QEP) designed to enhance student learning. Funding shortages will have a serious impact over the current fiscal year because reaccreditation must be addressed and funding support for the SACS efforts has already been taken in the amount of approximately \$250,000 from current operations. The university has no choice but to maintain funding in this area.

The preliminary results coming from the university's self analysis are consistent with issues the University had planned to address in the current budget. New faculty

positions, which are critical to maintaining academic rigor, will not be filled. This inability to hire additional faculty places the university in an unfavorable position as it relates to complying with the SACS accreditation standards. The university has several vacant faculty positions that are budgeted at a value of over \$300,000 that may not be filled due to this proposed budget cut.

Maintenance Issues. University maintenance operations total approximately \$1,000,000. Budget cutbacks may force the University to cut back on needed enhancements and upgrades to university buildings in general and planned work in residence halls. There are minor roof repairs scheduled for university building and security systems updates schedule for residence halls. A \$40,000 to \$50,000 cutback in this area will only increase the pressure on an already under funded area.

Community Engagement. The university will be forced to cut back its services to the community at large. Part of any budget cutback will be taken from the Community Engagement money. The void created by these actions would leave important community service entities like the Thornhill Community Education Center – which provides educational opportunities to the community at large as well as awards G.E.D. certificates with a major hole in their budget. Financial involvement in the Frankfort area fine arts programs may also cease. Additionally plans and projects that are coming forth from the Regional Stewardship program will have to be delayed if not cancelled.

Student Learning. A large percentage of students at KSU require developmental education courses. The university has addressed this in two ways. It has reallocated money from recurring operations each of the last three academic years to bring new incoming freshmen to the campus in the summer prior to their fall semester to get the developmental course(s) completed. Additional preparatory work is done with the students to prepare them for college life. The programs effectiveness is seen in the first year retention rate of these students of over 95%. This program titled “Summer Academic Bridge Program” has grown in cost to approximately \$500,000 and in numbers to approximately 120 students. A reduction in support to this program will substantially scale back this program and the resulting retention success that it has achieved.

The university’s QEP mentioned earlier as part of the SACS requirements began in FY2009, as another effort to address the developmental education needs of students and to prepare them for success with college-level coursework. It will work in tandem with the Summer Academic Bridge Program. The QEP expands and enhances student advising, creates learning communities for QEP cohorts, provides academic support services and tracks student performance in developmental courses. In Summer, 2009, KSU is planning to enroll 120 new freshmen students in the QEP and plans progressively to include each of an estimated 575 new freshmen that may need remediation. The budgetary impact of this program was mentioned earlier in this report.

Financial Support for Students. KSU provides approximately \$3.4 million in scholarship and need based support for its students. These monies are critical to our students of which over 80% qualify for some form of financial-aid support. Any

reduction in this area will cause some of our students to drop out. The university believes that at least a 30 students could be lost if this budget is reduced by four percent

An important fact to note as it relates to Kentucky State University is its status as an 1890 Land Grant institution. The state is required by the federal government to match dollar for dollar federal funds that come through this program. This General Fund supported state match money totals approximately \$5.5 million (approximately 20% of the KSU General Fund appropriation) effectively becomes “restricted” money, bound by the guidelines of the federal program. KSU believes that any reductions in General Fund appropriations should be based on the General Fund appropriation exclusive of the Land Grant match.

Morehead State University
Potential midyear 2008-2009 State Appropriation Reduction – Impact Statements
December 3, 2008

Following is a list of strategies identified by Morehead State University to adjust to a potential 4 percent base reduction in the 2008-2009 state appropriation support and the anticipated impact of each.

1. Implement a hiring freeze on all current vacant positions through June 30 of the current fiscal year and identify a significant number of permanent position reductions in 2009-10. A 4 percent reduction in state appropriation support equates to 32 positions using the current average employee salary and benefit cost. This reduction in force will impact the institution in multiple ways including:
 - a. Reduces access and increases a student's time to degree. Fewer faculty positions impacts the frequency and variety of course sections offered each semester.
 - b. Reduces staff available to provide student support services.
 - c. Increases the need for larger class sizes, which can impact student retention.
 - d. Creates a need to recalibrate the University's Business Plan, which drives the institution toward completion of its 2020 Double the Numbers goals.
 - e. Reduces the flexibility for faculty and staff to participate in regional outreach, service and research activities.
2. Conduct a comprehensive analysis on the viability of maintaining each of the five regional campuses located in Ashland, Prestonsburg, West Liberty, Mt. Sterling and Jackson. MoSU has led the state in its commitment to providing local access throughout its service region to improve access for rural place-bound citizens. Continued reductions in state funding have the potential of impacting MoSU's ability to reach as far and into as many locations as are currently supported.
3. Consider the possibility of capping enrollment to ensure that an effective faculty-to-student and staff-to-student ratio is maintained, which is critical to the delivery of quality academic programs and student support services. Capping enrollment would reduce access within the service region and delay the University's ability to reach its 2020 Double the Numbers goals.
4. Reassess institutional investments in merit-based student aid. MoSU has led the state in its commitment using institutional dollars to provide student financial aid and ensure affordability. As resources tighten, the University will need to reconsider that commitment and potentially reduce the available student aid packages available to incoming freshmen and transfer students. This strategy will have a direct impact on

affordability for need-based students who depend on merit awards to cover the gap between total cost of attendance and their need-based financial aid. Less merit-based aid investments also will impact the University's ability to attract the highest-performing students and potentially limit ability to grow enrollment necessary to drive the 2020 Double the Numbers goals.

5. Revise timelines and cost projections due to inflation on capital projects scheduled in the Campus Master Plan for student housing and athletics. MoSU developed a ten-year plan to upgrade and expand student housing facilities, which is a critical component of both recruitment and retention. Delaying project timelines will have an impact on the ability to grow enrollment and also increase the total project costs due to inflation.
6. Delay scheduled capital renewal and maintenance projects. MoSU has led the state in its ability to maintain aging facilities past their industry-standard useful life. Continued delays in routine and critical facility renewal and maintenance projects will increase the state and institutional liability measured by the depreciation of these aging state assets.
7. Adjust the implementation timeline for the remaining components of the institution's Enterprise Resource Planning (ERP) system due to inability to fund critical professional development and consulting on new systems and applications. MoSU is in the third year of a five-year project to replace its computer information system with an integrated ERP solution. Delaying the implementation schedule will postpone the ability to recoup the investment in this project through more efficient systems and processes. Total project implementation costs also will be increased due to inflation and rising costs for technology services.

Finally, it should be recognized that a 4 percent reduction in state appropriations will only be part of MoSU's fiscal challenge for the 2009-2010 fiscal period. The University will be faced with the need to cover annual increases in fixed costs for items such as utilities, debt service, leases, liability insurances, retirement matching contributions, and employee health coverage. Also, strategic investments and continued reallocation of resources will be necessary to continue the University's progress toward its strategic goals and its 2020 Double the Numbers goals. While MoSU continues to offer the citizens of the Commonwealth the best tuition value as compared to the other public regional universities, the institution's long-standing commitment to affordability will be challenged with this additional reduction in state support.

IMPACT STATEMENT ON PROSPECTIVE

APPROPRIATIONS REDUCTIONS

MURRAY STATE UNIVERSITY

4 % Mid-Year Rescission

Murray State University's strategy for coping with a mid-year rescission would be to use funding reserves to cover the prospective \$2,117,700 shortfall. We regard this as the least disruptive approach given that the budget year is nearly half over. The use of operating unit reserves for both academic and non-academic areas will still have adverse programmatic impacts as they are typically used to cover extra expenses not part of the recurring base budget. These cuts will require a reduction in instructional technology upgrades and other departmental equipment purchases as well as reduced funding for faculty professional development. Newly implemented recruitment and retention initiatives will also be affected. Murray State recently reorganized its recruitment and retention area to better employ institutional resources in pursuing the objective of increasing enrollment to 12,000 by 2012. Travel to high schools in our regional area to engage with prospective students, a key element of the new recruitment strategy, will have to be reduced as will funding for marketing the university, which is also an important component of successful recruitment.

4% Permanent Budget Reduction

The narrative which follows, outlining how Murray State proposes to handle a 4% permanent reduction in its appropriated funding, should be considered as a preliminary planning document. As the planning process evolves over a longer time frame and more details of the extent of an actual budget cut become known, further discussions with campus constituencies may result in changes to how the budget cuts are ultimately handled.

To successfully absorb the first round of a cumulative 6% cut in its FY 07-08 and FY 08-09 appropriated funds, Murray State carefully pruned programs not considered essential to the core mission. With this second round of cuts, exclusive continuation of that approach will no longer be feasible. Whereas some of the budget reductions will be dealt with centrally, each major area will have to share in absorbing a major portion of these additional prospective cuts. In the midst of this fiscally austere environment, the university is midway through a major transformation of its administrative computing system from a mainframe system to an enterprise resource planning system (ERP). There is no question that a near cumulative permanent 10% cut in the university's appropriated base over a 3-year period will have an adverse impact on operations. Impacts and coping strategies of the major administrative areas are summarized below.

Central Administration

The central administration will use two sources to cover part of the required budget reductions. A budget reserve set aside for a possible 1% salary increase for faculty and staff of approximately \$551,000 will be released to help reduce the size of the budget cuts allocated to the main administrative areas. In addition, trust funds consisting of the university's Program of Distinction Telecommunications System Management (TSM), the Action Agenda, Faculty Development and the Breathitt Veterinary Center (BVC) will be reduced proportionately to the amount of the appropriations cut, or approximately \$228,500. These reductions in total will amount to about \$779,500 or 36.8% of the total required.

President

The athletic subsidy will be reduced by a combination of operating budget cuts and scholarship reallocations. In addition, the football program will be able to offset a portion of its costs via a permanent increase in guaranteed revenue. Further savings will be realized by eliminating the formal budget for strategic planning initiatives. Anticipated savings are estimated at \$123,900.

Academic affairs

A permanent 4% cut in general revenue will necessitate the elimination of approximately 15 budgeted faculty positions for an estimated savings of \$746,000. These position eliminations will be distributed across all academic colleges of the university to avoid penalizing any particular discipline with regard to sustaining academic quality. Inevitably, individual faculty workloads will increase along with class size. This will adversely impact student advising, research and community outreach engagement by faculty. It will also result in the second year in a row of no raises which could become a major detriment to the career longevity at Murray State of younger faculty. Contingency planning may need to be undertaken to consider the possibility of future program eliminations and the possibility of closing an extended campus. The unavoidable decline in overall academic quality with this magnitude of budget reductions, will eventually begin to affect recruitment efforts.

Student Affairs

To avoid cutting too deeply into the university's recruitment and retention initiatives, other areas of Student Affairs will have to absorb budget reductions. Some of the savings will come from salary reductions in the Student Financial Aid/Scholarships area resulting from retirements and reorganization. Additional savings will come from the restructuring of the Counselor/Coordinator of First-Year Experience program. Positions will also be reduced from the reduced operations of the university postal services. Estimated savings equal approximately \$72,800.

Finance and Administrative Services

To maintain overall critical functionality, budget cuts will be absorbed in a number of areas. The allocation of budget reductions is designed to minimize the impact on the continuing implementation of the new ERP system. The main reductions will be in salary savings, operations, cancellation of maintenance contracts, travel and training and overtime. Estimated savings equal approximately \$351,900.

Institutional Advancement

Institutional Advancement will make budget reductions in a number of service areas. The cuts will be a combination of salary reduction, operations, and travel. Anticipated savings equal approximately \$43,000.

The plan detailed above to minimize the impact of a 4% recurring cut in appropriations will provide a viable continuation of current operations at a bare bones level. However, it will impede our current efforts to stay on track in reaching our Double the Numbers objective. There is no allowance for salary increases for the second year in a row and, on top of the budget reductions summarized above, the university will still have to cover increasing fixed costs of approximately \$1 million.

NORTHERN KENTUCKY UNIVERSITY

Thank you for the opportunity to share how a proposed 4% budget cut would impact Northern Kentucky University, our students and our community. In these difficult economic times, NKU is systematically looking at every line of our budget and working across institutional divisions to make tough choices on how best to move forward. We are finding that many times, we aren't deciding between good and bad choices but rather between two very good decisions that have an equal impact on our academic community and the progress of the Commonwealth. We are committed to making both short and long term decisions that will help the Commonwealth and its citizens to cope with this recession. Instead of lamenting the financial situation we are in, we are using this as an opportunity to continuously assess our priorities and make decisions accordingly. It is extremely difficult to cut 4% in the midst of our tremendous growth and may mean delayed enrollment growth which could compromise future CPE and economic development goals. However, we are doing everything we can to protect the core academic mission of the university and continue progress in a forward direction.

In the face of budget cuts last year, we were not able to invest at levels required in our business plan which supports CPE's "Double the Numbers" goals as well as our region's economic development strategy to create 50,000 new Kentucky high wage jobs by 2015 and generate \$270M in new Kentucky tax revenue. We still believe investment in the Northern Kentucky University business plan represents a significant opportunity for the Commonwealth of Kentucky. Through continued focus on our goals and significant reallocations within our budget, we were still able to grow enrollments nearly 3% and produce 5% more graduates than the year before. An additional cut (on top of internal cuts again next year to cover budget pressures and increases in fixed costs) will significantly constrain our ability to continue to produce these kinds of results and will have a dampening effect on the entire northern Kentucky economy.

At NKU, our applications for next year are already up 28% through the end of October. We anticipate this strong demand to continue as displaced workers return to school to retool and improve their skills and more students choose less costly public institutions over pricier private institutions. In addition, the Higher Education Act includes measures to significantly increase aid and support for veterans and military families to attend college. We are actively working to determine how we can leverage these measures to serve more veterans and military families. At a time when student demand and NKU's brand has never been stronger, budget cuts will limit our ability to accept this influx of new students.

NKU is already functioning with fewer dollars per student than our sister institutions in Kentucky, whether you look at state appropriations per student or total public funds.

KY Regional Institutions	FY08 State Appropriation per FTE (Less Budget Cut and Debt Service)	FY08 Estimated Yearend Tuition Revenue per FTE	Total Public Funds per FTE (SA plus tuition)
MuSu	\$6,412	\$8,708	\$15,120
MoSu	\$6,696	\$6,854	\$13,550
EKU	\$5,989	\$7,280	\$13,269
WKU	\$5,283	\$7,683	\$12,966
Average w/out NKU	\$6,095	\$7,631	\$13,726
NKU	\$4,629	\$7,796	\$12,425

To fund NKU at the average of the other comprehensive institutions, the State would have to invest an additional \$15 million to \$17 million to meet the needs of our students and our region. These funds would allow us to better serve our students, while increasing our capacity to help our region compete with other high performing metropolitan regions around the country.

In addition, NKU has already cut and re-invested internally \$4.5 million of our budget to fund high priority needs including investment in our business plan and the opening of two new buildings on campus (the latter due to the state’s inability to fund maintenance and operations as it historically has for new buildings coming on-line). This is more than the \$3.4 million we had planned to cut internally over the biennium in our Business Plan.

Finally, NKU is operating with the fewest square feet per student than any public institution in Kentucky and offers the fewest degree programs of any of our sister institutions. The CPE estimates that we would need the equivalent of four to five large academic buildings in addition to the College of Informatics building currently under design to resolve our space deficit issues. Funds are critically needed to lease additional space to increase our capacity. We have reached a deal to lease space from Gateway close to campus but are struggling to find funding for the necessary renovations. In addition, our business plan calls for significant increases in on-line/hybrid courses to be able to serve more students with limited space, but additional operating funds are needed to produce courses in this alternative delivery format.

Before last year’s budget cuts, Northern Kentucky University committed to supporting both state and regional enrollment and degree production goals despite our low level of public funds per student. With across-the-board cuts last year coupled with NKU’s enrollment growth this Fall, the \$15 million to \$17 million funding gap between NKU and its sister institutions continues. As an institution that has historically accomplished more with less and one that continues to look for efficiencies and cost savings across the entire enterprise, NKU is struggling to stretch its dollars any further. Even with a 4% tuition increase and no salary increases, our current estimated funding gap for next year is \$2 to \$3 million. This is primarily due to increases in fixed costs (such as increases in the KERS rate for which no funding was provided and an estimated 8.5% increase in our health insurance rates) and previously committed obligations (such as our ERP system replacement). Additional cuts will significantly limit our capacity to serve students and

the community at a time when our region and the state need NKU to support the Northern Kentucky economy more than ever.

To address non-recurring budget cuts and potential recurring budget cuts, the university will follow these principles:

- Balance access, quality, affordability
- Focus on timely degree completion/student retention and success
- Continue to provide a safe and secure campus
- Further improve efficiencies/technologies

Given the fiscal realities facing NKU, a state general fund reduction of 4% will necessitate the immediate implementation of a short-term budget reduction plan to cover the 2008-09 cut. We will identify unexpended funds in the remaining six months of the current fiscal year, such as freezing vacant positions and travel, restricting operating expenses, reducing or eliminating equipment and deferred maintenance/capital renewal pools, etc.

While no decisions have been made, the following options for addressing recurring budget reductions and existing budget pressures are under serious consideration:

- Move forward with plans to implement per credit hour pricing for all classes taken.
- Cap enrollments to fit within our resource capacity.
- Restrict the number of students accepted with developmental needs including displaced workers in need of remedial classes before entering / returning to college.
- Reduce current scholarships and financial aid programs at a time when funds for scholarships from private sources are declining due to losses in the market. This will reduce access for needy students and likely increase the number of high performing Kentucky students attending school out-of-state.
- Decrease deferred maintenance, capital renewal, and equipment pools with no funding for much needed renovations across campus. This will increase the cost of these repairs in future years while preventing valuable space from being used in the most efficient manner.
- Significantly curtail public engagement activities that support regional economic development and improvement of P-12 schools.
- Reduce staff, administrator, and adjunct faculty positions resulting in reduced capacity and service levels to students, parents, community organizations, and local residents.
- Eliminate salary increases for next year.

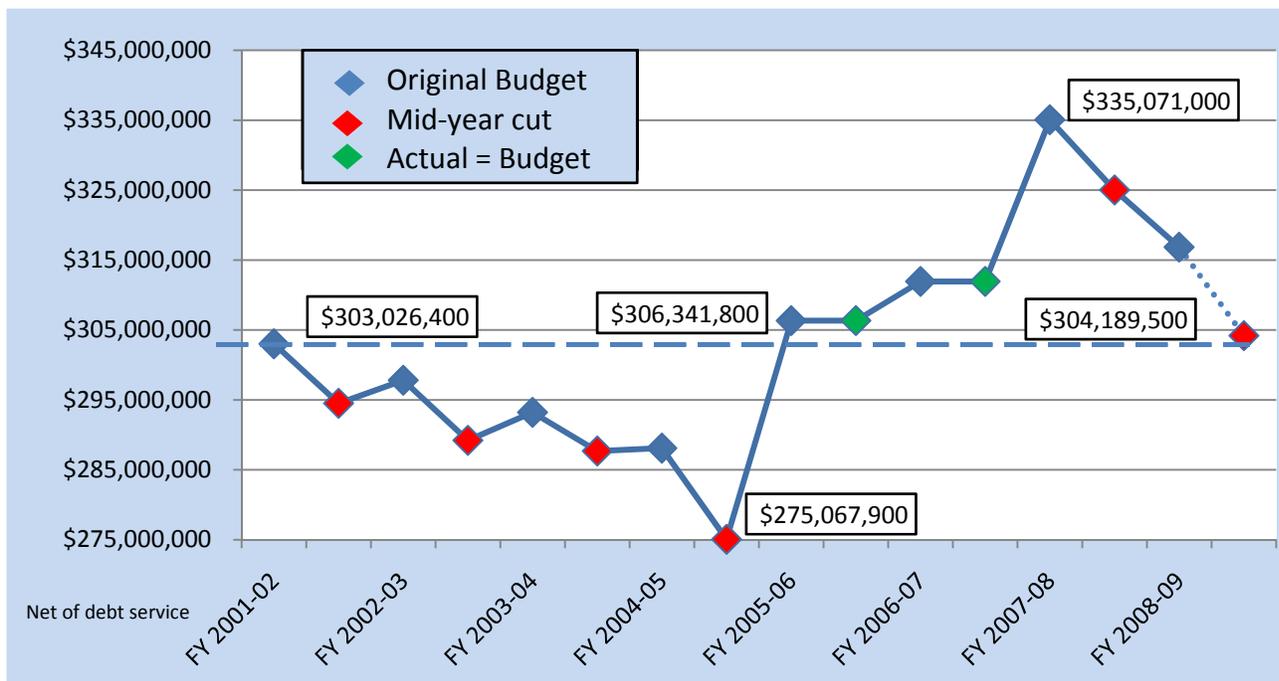
The overall impact of a decision to reduce funding for NKU is a university that is less accessible, less affordable, and less public. These cuts come at a time when investments are essential to increasing the university's capacity to serve more students and further support P-12 and regional economic development. Funds for financial aid and student employment are needed to sustain access and affordability for families struggling to further their education and improve their future. Faculty and staff are needed to maintain capacity and serve increased demand from displaced worker's struggling to retool and to help regional businesses weather the storm and create stable jobs. Cutting NKU will work *against* stimulus plans and slow the recovery of the northern Kentucky economy. As a university that operates with the least public funds per FTE of any four year institution, additional cuts to NKU will directly impact the work we do in a way that will be felt by our students, our region, and the state.

THE IMPACT OF AN ADDITIONAL FOUR PERCENT BUDGET CUT

As Kentucky’s flagship institution and a public, research-extensive, land grant university, the University of Kentucky is a highly complex enterprise – the equivalent of one of Kentucky’s largest cities. While the University’s budget reflects the magnitude of its operations, less than 40 percent of funds are unrestricted and available for education, public service, and research (educational and general activities). The University’s hospital system, athletics enterprise, and fundraising activities are affiliated corporations or departments within the institution and, as a result, are included in UK’s budget. The primary revenue sources of the University’s budget, which totals \$2.2 billion in 2008-09, include:

Fund Source	Millions
State Appropriations	\$321.5
Tuition and Fees	253.3
Funds Restricted by External Entities (gifts, grants, contracts, student aid)	432.7
Other (sales and services)	184.7
Hospital System and Clinics	884.8
Auxiliary Enterprises (athletics, housing, dining)	127.9

To understand the impact of an additional four percent (\$12.7 million) reduction in state appropriations, it is essential that this reduction is viewed in the right context. In 2001-02, UK’s state appropriation (excluding debt service) was \$303 million (before the mid-year cut that year). The threatened four percent cut this fiscal year would mark the **sixth time in the last eight years** that UK has been asked to absorb a **mid-year** appropriations reduction. **And in just the last 12 months**, UK already has absorbed \$20 million in appropriations reductions. The result of an additional four percent cut would be that UK’s state appropriation would be reduced by an additional \$12.7 million to \$304.2 million (excluding debt service). In other words, UK’s state appropriation in 2008-2009 would be only \$1.2 million (or 0.3 percent) higher than it was in 2001-02. Meanwhile, UK’s enrollment has grown from 24,791 to 26,914 (8.6 percent) in that time.



Repeated cuts in state appropriations already have forced the University to undertake a long list of actions to reduce spending and avoid future costs. Beginning in 2002, using a combination of cost savings and cost avoidance initiatives, UK has redirected over \$88 million.

UNIVERSITY OF KENTUCKY COST SAVINGS PER YEAR	
FY 2002-03	\$14.6
FY 2003-04	\$22.5
FY 2004-05	\$17.4
FY 2005-06	\$ 7.4
FY 2006-07	\$13.9
FY 2007-08	\$12.7
TOTAL	\$88.5

The institution has managed its budget and generated considerable savings. Because so many efficiencies already have been generated, the \$20 million cut earlier this year has affected core academic programming, staffing, and services. An additional \$12.7 million reduction will further harm the institution's ability to deliver high quality instruction, research, and service. As important, it will further erode the momentum created by the funding of our Top 20 Business Plan in 2006.

Personnel compensation is the largest portion of the institution's unrestricted educational and general budget (approximately 60 percent) and over 10 percent of the budget is used for student financial aid. So the institution's options are very limited.

A mid-year cut in state funds of \$12.7 million would be the equivalent of an eight percent reduction over six months. Due to prior commitments and insufficient time to strategically plan for the reduction, the University would be forced to take drastic and imprudent actions to cover the shortfall. For 2008-09, the University would absorb the budget reduction by:

1. Sweeping all available funds, including those designated for classroom and student laboratory improvements and for additional scholarship awards.
2. Eliminating the University's program improvement fund that, among other things, was designated to expand substantially UK's investment in P-12 teacher preparation in Science, Technology, Engineering, and Math (STEM).
3. Freezing all faculty searches.
4. Freezing all staff hiring.
5. Requiring all departments and administrative units – including all mandatory programs such as cooperative extension - to absorb additional operating budget reductions.

These decisions may affect as many as 70 faculty and 80 staff positions. This comes on top of the previous elimination of 71 faculty positions and 117 staff positions in the last round of budget cuts.

If the four percent budget reduction is recurring in 2009-2010, further measures will be considered and several taken beyond the elimination of the 70 faculty and 80 staff positions, including:

1. Eliminating other faculty and staff positions.
2. Freezing salaries for the second year in a row.
3. Increasing tuition by more than 10 percent.
4. Increasing the percentage of out-of-state students to generate more tuition revenue
5. Reducing the University's merit scholarship budget, including the potential reduction or elimination of awards for incoming students who are participants in Governor's Scholars and Governor's School for the Arts, and/or who have achieved high ACT scores and high school grade point averages.
6. Reducing capital maintenance and operation budgets.

There is no way to understate the negative impact of these reductions:

1. UK's undergraduate students would bear the brunt of the consequences. Since UK's undergraduate enrollment has increased by over 2,100 over the last eight years, class availability will be severely affected, with potential consequences for timely graduation of even the best students. The staff reduction, too, would heavily affect undergraduate student support services – such as counseling and testing, computer laboratories, and library resources. Recent progress in retention and graduation rates likely will be reversed.
2. Accreditation of several professional programs likely will be in jeopardy. Accordingly, enrollment in professional degrees of critical importance to the Commonwealth - such as Engineering, Pharmacy, Nursing, and Medicine - might be reduced. Graduate enrollment will likely have to be reduced, affecting graduate degree production and external research dollars earned.
3. Initiatives and new degrees intended to advance the Commonwealth in the areas of energy, the environment, health care, and STEM education will likely not be implemented.
4. Cooperative extension services and other engagement/outreach activities that serve the Commonwealth will likely be reduced significantly.
5. Research activity and external grants will likely decline. At least \$10 million in grant volume will likely be affected, on top of the dollars already lost from the first round of faculty and staff position reductions.
6. The University's current standing among research universities will likely decline. The gap between UK and Top 20 institutions will likely increase.

December 3, 2008

Dr. Richard Crofts
Interim President
Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, KY 40601

Dear Richard:

This letter is in response to the conference call you conducted last week with the universities' presidents. As you indicated, an executive order has not been effectuated at this time so your request was for each of us to outline potential impacts of a 4 percent cut in the state general fund appropriation. It is important to note that our goal will always be to move the University of Louisville forward to achieve the goals of HB1. Our commitment has not wavered in spite of having to manage nine state budget cuts in 10 years. Clearly, this is increasingly difficult with less state money.

Richard, as you know, we have ongoing campus processes that we follow to make these critical decisions. To try to achieve the goals of HB1 given cumulative cuts totaling \$106.7 million since FY2002, we have implemented a seven point strategy that includes:

- Continuing reengineering of processes and expense management
- Aggressively improving balance sheet management, with an emphasis on converting underperforming assets
- Increasing clinical income to support education and research
- Increasing contract research and commercialization income
- Creating private sector partnerships
- Enhancing fundraising
- Being creative in expanding the research mission through innovative financing tools like the tax increment financing plan.

The University of Louisville is a good steward of the funds provided for us by the state, and we work to make sure we manage costs effectively while fulfilling our core mission.

Proposed One-Time Savings and Their Sources

In anticipation of a state-mandated budget cut in the current year, we identified short-term savings of 3 percent. This included the realization of significant savings from our fully self-insured health

insurance program, which includes the “Get Healthy Now” initiative and a pharmacy management program. This is a tribute to sound fiscal management and planning and the commitment of our faculty and staff to manage their wellness and medical expenses.

In the short term, we will also ask both the academic and support units to reduce their operating budgets by 1 percent. Units will use a combination of captured lapsed salaries; open vacant positions; reducing travel, staff development, and training opportunities; cutting already underfunded supplies; and operating expense budgets. The impact of these cuts will be the postponement of many margin-of-excellence initiatives, and it may have the effect of reducing some services to students. Reducing spending University-wide will also affect Kentucky merchants and contractors who rely on University business.

Recurring Savings, Proposed Sources, and Impact on the Future of UofL

A recurring cut of 4 percent of the University’s state appropriation is roughly \$6.3 million. The University is establishing a special long-term budget advisory committee to recommend specific budget cuts, program eliminations, efficiencies and cost savings. Potential implications include:

Tuition. It may be necessary to look to increases in undergraduate tuition as a way to generate funds to substitute for the reduction in the state’s appropriation.

Student Aid. We may need to cut student financial aid budgets. Under this initiative we would probably forego an automatic financial aid escalator in the 2010 budget, thereby curtailing funds that drive strategic graduation goals and reducing financial aid budgets in general, thus reducing the amount of funds we award to students. Individual scholarships may be capped at a fixed dollar amount for all incoming students and for returning students who do not have a solid four-year financial aid commitment.

Cardinal Covenant. We may look at the possibility of not offering another incoming class of freshmen the Cardinal Covenant scholarship program. This watershed program provides much-needed financial aid to those students at or below 150 percent of the federal poverty line to where, combined with other federal and state financial aid dollars, allow these students to graduate “debt free.” Curtailment of this program for the incoming freshman class would be a step backward for college affordability in the Commonwealth.

Salary and Wage Increases. To minimize the impact of potential faculty and staff lay-offs, we will consider foregoing salary and wage increases in 2010. There is a great risk in taking this action: talented faculty, researchers and staff could be lured away by more lucrative offers from other schools, thus compromising the research and teaching missions. We also face the possibility of losing Bucks for Brains endowed chairs and faculty and continuing to fall behind achieving research and economic development benchmarks.

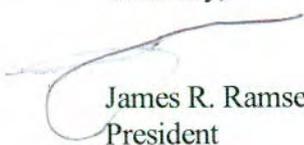
Dr. Richard Crofts
December 3, 2008
Page 3

Furloughs. We may consider furloughing faculty and staff for one week without pay. This “vacation without pay” would generate significant funds across-the-board that could go to help offset the budget cut. While this is certainly an unwelcome form of reducing salary costs, we are hopeful that University employees will understand the need to do so. Retaining as many employees as possible is a guiding principle in our approach to these budget cuts.

Facilities. It may be necessary to postpone or limit the occupancy of one or more facilities scheduled to open next year. This postponement would have a detrimental and deleterious effect on our life sciences research, particularly cancer research, in the short term.

Richard, this is a difficult and challenging time for all of us. It is critical that we remain focused on the needs of the Commonwealth as we make these difficult decisions.

Sincerely,



James R. Ramsey
President



**IMPACT OF ADDITIONAL STATE BUDGET REDUCTIONS ON
WESTERN KENTUCKY UNIVERSITY**

DR. GARY A. RANDELL, PRESIDENT

December 3, 2008

The announcement last week that postsecondary institutions in Kentucky must plan for an additional 4% reduction in state general fund appropriation will cause Western Kentucky University to reconsider our strategy for growth and access as called for in the Kentucky Council on Postsecondary Education's "Double the Numbers" plan. Under that plan WKU is targeted to grow to nearly 30,000 students by the year 2020, an increase of more than 10,000 students over today's enrollment of 19,761.

The statewide impact of further budget reductions at WKU is that WKU can no longer afford to enroll and graduate enough students annually to meet the goals set forth in this plan which is focused on bringing the number of baccalaureate degree holders in Kentucky to the national average by 2020. We will begin this budget reduction process by instituting an enrollment cap of 20,000 and will focus all of our efforts on ensuring high quality at the undergraduate level.

This budget reduction, if realized, will represent the sixth reduction in general fund appropriation to WKU in eight years. WKU has enjoyed its status as the fastest growing university in Kentucky, with more than 34% growth in enrollment since Higher Education Reform was passed in 1997. The greatest impact of enrollment growth is the need to provide additional faculty, staff, infrastructure improvements and programs to support student success, enhance campus life and ensure high quality instruction. Growth at WKU has not been adequately supported by the state, and revenue from tuition can no longer cover the growing budgetary needs which such enrollment growth demands. Decreasing state funding, limited revenue increases from tuition and dramatic growth in enrollment are incompatible trends.

Today's economic climate shows no signs of improving in the near future, and so we must now rethink our strategic direction and focus our efforts on core priorities and fundamental values. To that end, I announced on November 24, 2008, creation of the President's Task Force on Quality and Access. This group will study admissions criteria, time to degree completion requirements, transfer policy, housing policies, and access at WKU's regional campuses in Glasgow, Owensboro and Elizabethtown/Ft. Knox/Radcliff. The task force is expected to host a number of forums on the WKU campus over the next few months and will make recommendations that will re-shape and bring a narrower focus to our strategic planning for the future.

The current strategic plan guides WKU through 2012 and calls for a number of significant investments in programs that are designed to increase student learning and aimed at attracting, retaining and supporting high quality faculty and staff. The strategic plan also focuses on faculty and student engagement in regional initiatives to improve the quality of life for Kentuckians and calls for new investments in our regional campuses. In addition, the current strategic plan focuses on addressing needs within the campus physical plant.

We will use the recommendations of this newly appointed WKU task force to reduce our strategic plan to an affordable and more limited range of initiatives, slowing the volume and pace of our institution's transformation. Our priorities at WKU are to remain financially stable, ensure a high level of quality for our students, continue to achieve diversity in our campus population and enhance the lives of those in our surrounding communities. In the short term, WKU will minimize spending on developmental education and revisit our admissions standards. WKU must be able to serve those students who are seeking a quality educational experience and who intend to complete a degree program. Access in the future will be limited to those students with the capacity and the desire to succeed.

A 4% reduction in state appropriation for WKU equals \$3,225,052. Recent budget reductions diminished our capacity to take any additional reductions from the university central fund, so the reductions will be taken proportionately from all university divisions.

The most significant programmatic impacts in the reduction plans for each division are as follows:

- Loss of another 13 faculty positions. (23 positions were eliminated in the 07/08 budget reduction.) The net result of loss of these additional faculty positions is a reduction in at least 110 course sections per academic year. This will limit student choices and slow student progress toward graduation.
- Reduction of at least 8 staff positions in several divisions and in the President's office. Some positions across the campus will be moved to part time, others will be eliminated completely. Some full time staff positions may be replaced with graduate assistants or student workers where possible.
- Elimination of the campus Vehicle Replacement Fund.
- Significant reductions in our capacity to address the existing backlog of deferred maintenance and capital renewal on our 102 year old campus.
- Professional services in Washington, DC, will be eliminated.
- Travel, professional development and direct mail to prospective students and donors will be significantly reduced.
- Student success initiatives, student leadership development programs and funding for student activities will be reduced.
- Athletic programs' operating funds will be reduced.

- Information technology network infrastructure upgrades will be delayed, straining WKU's 10-year-old information technology network at a time when universities are expected to offer the highest level of information technology for faculty and students.
- Elimination of voicemail system replacement fund, resulting in eventual phasing out of a voicemail system at WKU.

WKU will continue to analyze our current financial profile for additional efficiencies, energy cost avoidance and program reduction. More than 42 academic programs have been eliminated or consolidated over the last several years, and 36 faculty and at least 16 staff positions have been eliminated in recent actions. We are also seeking ways to improve energy efficiency and even closing the campus for two additional weeks this academic year in order to reduce energy consumption and reduce utility costs to the university.

It is imperative for the Commonwealth that Kentucky's public universities offer the highest quality educational experience possible for Kentucky students and that we use our intellectual capacity to focus on regional outreach efforts, including economic development, health care services, agriculture and energy research and support for STEM initiatives and other programs that benefit the citizens of our state. These important functions, however, must be evaluated based on the value added to the educational experience of our students. WKU's focus for the future will be on ensuring that we can serve our student population and remain engaged in our region but with a significantly smaller impact than we had originally envisioned.

**Council on Postsecondary Education
January 16, 2009**

National Trends in Veterinary Medicine

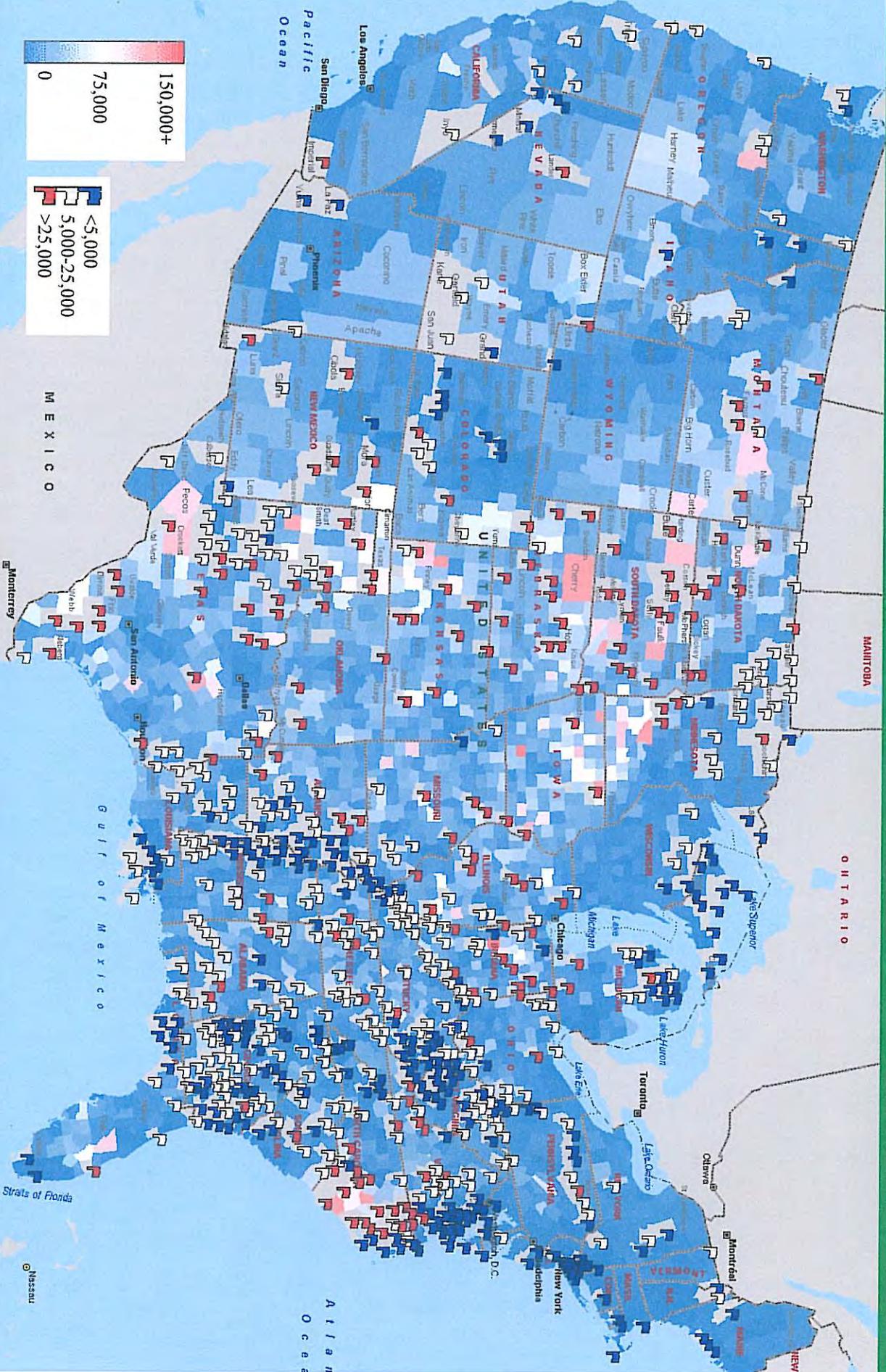
Several months ago Chair Turner and Interim President Crofts had the opportunity to meet with Dr. James O. Cook, a practicing veterinarian in Lebanon, Kentucky, and the current president of the American Veterinary Medical Association. The conversation produced revealing information about the current status of the veterinary profession in Kentucky and the nation and the need for more vets in the future. Dr. Cook will join the Council at the meeting on January 16 to present this information.

Companion Animals per Companion Animal Veterinarian



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Food Animal Concentration per Food Animal Veterinarian



Council on Postsecondary Education
January 16, 2009

Revisions to Minimum College Admission Requirements

ACTION: The staff recommends that the Council approve the revised administrative regulation 13 KAR 2:020 guidelines for admission to the state-supported postsecondary education institutions in Kentucky.

13 KAR 2:020 is Kentucky's comprehensive administrative regulation, set by the Council on Postsecondary Education, that establishes minimum requirements for entering Kentucky's public colleges and universities, conditional admissions qualifications, transfer admissions and advising obligations, dual credit provisions, and institutional responsibilities to students who start college unprepared for college-level work.

The regulation was last revised in 2007 and established common statewide college readiness standards for English, reading, and mathematics that increased the statewide standard of readiness in mathematics to an ACT sub-score of 19 and the statewide standard of readiness in reading to an ACT sub-score of 21; required the postsecondary institutions to implement placement tests for all students falling below the thresholds; and ensured that these students would enroll in developmental courses and receive appropriate help in their first term. The revised regulation was to be implemented fall 2009. The Council included in its 2008-2010 budget request funds to support the work of the institutions, develop an integrated college readiness and underprepared student accountability/funding initiative, make infrastructure improvements, and create professional development that targets readiness. Due to state revenue reductions, these funds were not made available. Nevertheless, all of the public colleges and universities have redesigned their developmental education programs and have worked collaboratively in an effort to fully implement requirements set forth in the revised regulation.

Throughout recent years, policies and courses for underprepared students were reviewed by two- and four-year institutions and aligned with credit-bearing courses. KCTCS developed common curricula that have made the evaluation of coursework a much more systematic process at the transfer four-year institutions. The on-line Kentucky Early Mathematics Placement Test that reflected a statewide collaboration of the mathematics community and helped define college readiness for mathematics is being expanded by the Kentucky On-Line Testing (KYOTE) project. KYOTE began in the spring of 2006. A large and representative group of postsecondary mathematics faculty, including math faculty from all eight state universities, 12 of the 16 KCTCS institutions, and three independent colleges, developed, discussed, modified, and approved a college readiness, college algebra, and calculus

placement test. There is work between and among institutions in developing writing prompts for writing placement assessments to determine college readiness in English composition. A statewide reading group comprised of institutional representatives is reviewing reading assessments with the goal of developing a common reading assessment that could be used statewide free of charge to all postsecondary education institutions. Several local groups are working collaboratively with middle and high schools to create better understanding of college readiness so that more students enter postsecondary education institutions and the workforce with needed literacy and mathematical skills. The Kentucky model for developing on-line assessments is of great interest to other states as we move forward in addressing college readiness as a nation.

Nevertheless, all two-year and four-year public institutions in the Commonwealth will not be fully prepared by fall 2009 to implement all requirements set forth in the 2007 revised regulation. Each institution has reviewed admission criteria and developed plans for addressing the needs of an increased number of students requiring developmental or supplemented coursework to bring them to college readiness; however, the 2007 legislation was passed after materials had been developed at several institutions for the recruitment of fall 2009 entering students. The result was that the new standards of placement were not included in many of the materials distributed during 2008-09 and many prospective students, parents, high school guidance counselors, principals, and other K-12 school administrators were not informed.

In late fall 2007 and early spring 2008, institutions began assessing the impact of the ACT sub-score revisions for purposes of assessment and placement; however, this occurred during the time campus administrators were planning for budget reductions and attempting to maintain current programs and services. The impact related to the number of students was determined to be significant. For the average state institution, the number of underprepared students in mathematics who would need developmental or supplemented courses and services increased from 42.5 percent to 50.7 percent, and the number of underprepared students in reading who would need developmental or supplemented courses and services increased from 21 percent to 47.8 percent. There are few reading specialists in the state for adult learners, resulting in a shortage of those trained to address underprepared reading students. These instructors were not already present at the institutions for reassignment as was the case in mathematics, and new positions had to be created in an effort to address the increased need in reading. It has been difficult for several institutions to hire enough reading specialists to comply with the fall 2009 date for implementation of the regulation.

Recently, CPE staff obtained data on the performance of students in reading based on ACT scores. Based on the review of that information, it is recommended that the administrative regulation be revised to set the reading readiness standard at 20 instead of 21. The 2007 revised regulation also required mandatory testing for all students scoring below the system-wide standards at an additional and significant financial cost to the institutions. Finally, the revised regulation required that students enroll in needed developmental coursework in their first term of enrollment. Since the majority of newly-entering students enroll in the fall semester, institutions face difficult course scheduling challenges.

To address the challenges faced by the institutions, the recommended revisions to this regulation would first delay implementation of all requirements from fall 2009 to fall 2010 and, secondly, would require students to enroll in needed developmental coursework within their first two terms rather than their first term. Dr. Sue Cain, a recognized expert in the area of developmental education at Eastern Kentucky University, has been hired by the Council to serve as system-level lead staff from January 2009 to May 2009 with the responsibility of working with the institutions to ensure full compliance with requirements set forth in the revised regulation by fall 2010.

The process of revising an administrative regulation, established by the Legislative Research Commission, will be initiated with Council approval of this revised regulation. The administrative regulation will go through a public hearing and review by the Administrative Regulation Subcommittee and the Interim Joint Committee on Education.

1 COUNCIL ON POSTSECONDARY EDUCATION

2 (Proposed Amendment)

3 13 KAR 2:020. Guidelines for admission to the state-supported postsecondary education
4 institutions in Kentucky.

5 RELATES TO: KRS 156.160, 164.001, 164.011, 164.020(3) and (5), 164.030

6 STATUTORY AUTHORITY: KRS 164.020(8)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 164.020(8) requires the council to
8 set the minimum qualifications for admission to the state-supported postsecondary education
9 institutions. It is the intent of the council that all students have available to them an opportunity
10 for postsecondary education appropriate to their interests and abilities. This administrative
11 regulation establishes the minimum qualifications related to admission at state-supported
12 postsecondary education institutions. The college readiness standards established in this
13 administrative regulation shall not release institutions from the requirements contained in 13
14 KAR 2:060, degree program approval; equal opportunity goals.

15 Section 1. Definitions. (1) "Adult student" means a student who is twenty-one (21) years of
16 age or older.

17 (2) "Council" is defined by KRS 164.001(7).

1 (3) "Developmental course" means a college or university class or section that prepares a
2 student for college-level study and does not award credit toward a degree.

3 (4) "Institution" or "institutions" means a state-supported postsecondary education institution
4 as defined in KRS 164.001(11).

5 (5) "KCTCS" means the Kentucky Community and Technical College System as defined in
6 KRS 164.001(11).

7 (6) "Systemwide [~~System-wide~~] standard" means an ACT Assessment sub-score of eighteen
8 (18) in English, nineteen (19) in mathematics, or twenty (20) [~~twenty-one (21)~~] in reading.

9 Section 2. Minimum Qualifications for Institutional Admission as First-time Students. (1)(a)
10 Except as provided by paragraph (b) of this subsection, an applicant seeking to enter a
11 community and technical college shall have fulfilled the minimum requirements for admission to
12 a degree program established by the Kentucky Community and Technical College System
13 consistent with this administrative regulation if the applicant has:

- 14 1. Graduated from a public high school or a certified nonpublic high school; or
- 15 2. Earned a high school general equivalency diploma [~~certificate~~] (GED).

16 (b) The Kentucky Community and Technical College System may choose to exempt students
17 who are eligible to pursue a GED from the requirements of paragraph (a) of this subsection if the
18 KCTCS publishes the exemption policy in the student catalog.

19 (c) An applicant to a community-college type program at a university shall: [~~take the ACT~~
20 ~~Assessment.~~]

- 21 1. Satisfy [~~Have satisfied~~] the minimum requirements for admission to a two (2) year degree
22 program established by the admitting institution consistent with this administrative regulation;
23 and

1 2. Take the ACT Assessment.

2 (2)(a) Except as provided in paragraph (b) of this subsection, an applicant shall have fulfilled
3 the minimum requirements for admission to a baccalaureate program at a university if the
4 applicant has:

5 1. Graduated from a public high school or a certified nonpublic high school;

6 2. Completed the precollege curriculum established in Section 3 of this administrative
7 regulation; and

8 3. Taken the ACT Assessment.

9 (b) An applicant who has earned a high school general equivalency diploma ~~[certificate]~~
10 (GED) or who is a graduate of a noncertified nonpublic high school, including a home school,
11 may be admitted to a baccalaureate program at a university by taking the ACT Assessment and
12 by scoring at levels established by a university.

13 (3) Notwithstanding the provisions of subsections (1) and (2) of this section, a university may
14 substitute the SAT for the ACT Assessment. The ACT RESIDUAL, ASSET Testing Program,
15 COMPASS Testing Program, or ACCUPLACER Testing Program may be substituted for the
16 ACT Assessment requirement for an adult student.

17 (4) An institution shall establish a written policy for admitting a student if an applicant has
18 attended a noncertified or nonpublic high school and completed a course of study. Noncertified
19 nonpublic schools shall include a home school.

20 (5) A nonresident seeking admission to a baccalaureate degree program at a university shall
21 complete:

22 (a) The ACT recommended college core courses for the precollege curriculum which are ~~[is]~~
23 listed in the Benefits of a High School Core Curriculum, ACT 2006; or

1 (b) A college preparatory curriculum comparable to Kentucky's precollege curriculum
2 established in Section 3 of this administrative regulation.

3 (6)(a) A university may, under extenuating circumstances, admit a student who has not met
4 the testing requirements of subsection (2)(a)3 of this section if the university has a written policy
5 defining extenuating circumstances.

6 (b) If a university admits a student under paragraph (a) of this subsection, the student shall
7 satisfy the provisions of subsection (2)(a)3 of this section during the first semester of enrollment.

8 (7) A university may establish, in writing, additional admission criteria to supplement these
9 minimum requirements.

10 Section 3. Precollege Curriculum. (1) An applicant to a baccalaureate degree program at an
11 institution shall complete twenty-two (22) or more approved high school units including the
12 following courses in the precollege curriculum. The precollege curriculum established in this
13 section shall include the following categories and courses of study:

14 (a) Four (4) units of high school study in English/language arts, specifically including
15 English I, English II, English III, and English IV or AP English ~~1, 2, 3,~~

16 (b) Except as provided in subparagraphs 1, 2, and 3 of this paragraph, three (3) units of high
17 school study in mathematics, including algebra I, algebra II, and geometry.

18 1. An integrated, applied, interdisciplinary, or technical/occupational course may be
19 substituted for a traditional algebra I, geometry ~~[Algebra I, Geometry]~~, or algebra II course if the
20 course meets the appropriate content standards described in the Program of Studies, which is
21 incorporated by reference in 704 KAR 3:303.

22 2. A mathematics course whose content is more rigorous than algebra I shall be accepted as a
23 substitute for algebra I.

1 3. An algebra I course ~~[may be]~~ taken prior to high school ~~[and]~~ shall be counted as a
2 required mathematics course if the academic content of the course is at least as rigorous as the
3 appropriate high school algebraic thinking standards outlined in the Program of Studies, which is
4 incorporated by reference in 704 KAR 3:303.

5 (c) Three (3) units of high school study in science, to include physical science, life science,
6 and earth and space science. At least one (1) unit shall be a laboratory course. ~~[;]~~

7 (d) Three (3) units of high school study in social studies, from the following content areas:
8 United States history, economics, government, world geography, and world civilization;

9 (e) One-half (1/2) unit in health education. ~~[;]~~

10 (f) One-half (1/2) unit in physical education. ~~[;]~~

11 (g) One (1) unit in history and appreciation of visual and performing arts. ~~[; and]~~

12 (h) Two (2) units in the same foreign language unless:

13 1. The applicant's local school has diagnosed the student as having a learning disability as set
14 forth in KRS 157.200 and 707 KAR 1:280 or 707 KAR 1:310; and

15 2. Either:

16 a. The school has ~~[has]~~ determined that the learning disability precludes the student from
17 successfully completing a foreign language course; or

18 b. The applicant demonstrates linguistic competence and awareness of a foreign language at
19 least equivalent to two (2) years of high school language.

20 (2) In addition to the requirements of subsection (1) of this section, a student shall take five
21 (5) electives. Three (3) of the five (5) electives shall be courses with academic content that is at
22 least as rigorous as that required in the minimum high school graduation requirements and shall
23 be in the following areas of study:

1 (a) Social studies. ~~[;]~~

2 (b) Science. ~~[;]~~

3 (c) Mathematics. ~~[;]~~

4 (d) English/language arts. ~~[;]~~

5 (e) Arts and humanities. ~~[;]~~

6 (f) Physical education and health. A student shall be limited to one-half (1/2) unit as an
7 elective in physical education and to one-half (1/2) unit in health. ~~[;]~~

8 (g) Foreign language. ~~[;]~~

9 (h) Agriculture, industrial technology education, business education, marketing education,
10 family and consumer sciences, health sciences, technology education and career pathways.

11 (3)(a) An integrated, applied, interdisciplinary, or higher level course shall be substituted for
12 a course listed in subsections (1) or (2) of this section, if the substituted course offers the same or
13 greater academic rigor and the course covers or exceeds the minimum required content.

14 (b) Integrated mathematics courses shall be taken as a sequence. A student shall choose
15 either the algebra/geometry sequence or the integrated mathematics sequence.

16 (c) An approved substitute course may include an honors course, advanced placement course,
17 dual credit course, or a course taken at an institution.

18 (4) An institution may establish additional requirements to supplement this minimum
19 academic preparation.

20 (5)(a) An institution shall accept a waiver of a required precollege curriculum course if:

21 1. A student is ~~[physically]~~ unable to complete a course because of a physical handicap;

22 2. A student's handicapping condition meets the requirements of 704 KAR 3:305, Section
23 3(2); and

1 3. The school district superintendent or designee verifies that a student's handicapping
2 condition will prevent the student from completing the course in question.

3 (b) Following a determination that a student is unable to complete a course based upon
4 paragraph (a) of this subsection, a local school may substitute another course in accordance with
5 704 KAR 3:305, Section 3(2).

6 (6) An institution shall determine whether an applicant has met these minimum academic
7 preparation requirements.

8 (7) The precollege curriculum requirement shall apply to:

9 (a) A first-time student pursuing a baccalaureate degree with or without a declared major;

10 (b) A student converting from nondegree status to baccalaureate degree status;

11 (c) A student changing from certificate or associate ~~[-]~~degree level to baccalaureate ~~[-]~~degree
12 level; or

13 (d) A student who, transferring from another institution, has been admitted to baccalaureate
14 ~~[-]~~degree status by the receiving institution.

15 (8) ~~[(9)]~~The following shall be exempted from the requirements of the precollege
16 curriculum:

17 (a) An adult student;

18 (b) A student entering baccalaureate ~~[-]~~degree status with twenty-four (24) or more semester
19 credit hours applicable to a baccalaureate degree with a GPA (grade point average) of at least
20 2.00 on a 4.00 scale;

21 (c) Active duty military personnel, their spouses, and their dependents;

22 (d) A student enrolled in a community or technical college or a community college type
23 program at a university;

1 (e) A nonresident student because he or she is subject to the provisions of Section 2(5) of this
2 administrative regulation; or

3 (f) An international student.

4 Section 4. Conditional Admissions Qualifications. (1) A university shall have the option of
5 admitting conditionally a first-time student applicant to a baccalaureate degree program who has
6 not met the requirements of Section 3 of this administrative regulation. A first-time student
7 admitted conditionally shall remove or otherwise satisfy academic deficiencies in a manner and
8 time period established by the enrolling institution.

9 (2) An institution enrolling students in a baccalaureate degree program under the conditional
10 admission provisions in subsection (1) of this section shall admit conditionally each academic
11 term not more than five (5) percent of a base figure. The base figure shall be the average number
12 of students reported as enrolled with baccalaureate ~~type~~ degree status over the preceding four (4)
13 years.

14 (3) Although not subject to the precollege curriculum for admission purposes, the precollege
15 curriculum status of students enrolled in a community college ~~type~~ program in a university
16 shall be assessed and reported to the Council on Postsecondary Education.

17 (4) An applicant of superior ability, as demonstrated by exceptional academic achievement, a
18 high ACT Assessment score, and social maturity, may be granted early admission. An applicant
19 granted early admission by an institution shall be exempt from the provisions of Sections 2 and 3
20 of this administrative regulation.

21 (5) At the discretion of the institution, a person who does not meet college entrance
22 requirements, including high school students, may enroll in a college course ~~courses~~ as a
23 nondegree student.

1 Section 5. Transfer Students. (1) The council's General Education Transfer Policy and
2 Implementation Guidelines, incorporated by reference, shall direct an institution's policy on the
3 acceptance of transfer credits.

4 (2) An institution shall assure that a transferring student receives academic counseling
5 concerning the transfer of credit among institutions.

6 (3) An institution, consistent with the provisions of subsection (1) of this section, shall accept
7 a student's college credit earned when a course is taken both for high school credit and college
8 credit. Credit earned through a dual enrollment arrangement shall be treated the same as credit
9 earned in any other college course.

10 Section 6. Assessment and Placement of Students. (1) The Kentucky Statewide Public
11 Postsecondary Placement Policy in English and Mathematics shall apply to:

12 (a) A first-time student enrolled in an associate or baccalaureate degree program or a
13 certificate or diploma program at an institution;

14 (b) A student who transfers from a degree program at one (1) institution into a degree
15 program at another institution and who has not taken and successfully passed college-level
16 courses in mathematics and English;

17 (c) A student who transfers from a certificate or diploma program into a degree program and
18 who has not taken and successfully passed college-level courses in mathematics and English;

19 (d) A student converting from nondegree status to degree status who has not taken and
20 successfully passed college-level courses in mathematics and English.

21 (2) A nondegree-seeking student shall be exempt from systemwide ~~[system-wide]~~ mandatory
22 assessment and placement policies.

1 (3) Except as provided in subsection (11) of this section, an institution shall use the ACT
2 Assessment to evaluate student competencies in mathematics, English, and reading. An
3 institution may accept scores on the SAT in lieu of the ACT Assessment for placement in
4 college-level courses.

5 (4) If a student ~~is~~ ~~fit~~ determined to have not met the systemwide ~~{system-wide}~~ standards for
6 readiness, an institution shall ~~{for readiness,}~~ use a placement exam to help place a student in the
7 proper course.

8 (5) An institution shall place a student who scores below the systemwide ~~{system-wide}~~
9 standard in mathematics, English, or reading in an:

10 (a) Appropriate developmental course in the relevant discipline; or

11 (b) Entry-level college course, if the course offers supplementary academic support, such as
12 extra class sessions, additional labs, tutoring, and increased monitoring of students, beyond that
13 usually associated with an entry-level course.

14 (6) Effective with the fall semester of 2010 ~~{2009}~~, an institution shall satisfy the provisions
15 of subsection (5) of this section by placing a student in the appropriate developmental course or
16 entry-level college course within the first two academic terms ~~{in the first term}~~ that a student is
17 enrolled.

18 (7)(a) A student shall not be required to enroll in a developmental course in English if the
19 student has a sub₂score on the ACT Assessment of eighteen (18) or higher in English. The
20 student shall be permitted to enroll in a credit-bearing writing course.

21 (b) A student shall not be required to enroll in a developmental course in mathematics if the
22 student has a sub₂score on the ACT Assessment of nineteen (19) or higher in mathematics.

1 1. A student who scores between nineteen (19) and twenty-one (21) shall be permitted to
2 enroll in a credit-bearing mathematics course.

3 2. A student who scores twenty-two (22) through twenty-six (26) on the ACT Assessment in
4 mathematics shall be permitted to enroll in a credit-bearing algebra course.

5 3. A student who scores twenty-seven (27) or higher on the ACT Assessment in mathematics
6 shall be permitted to enroll in a credit-bearing calculus course.

7 (c) A student who has been admitted to an institution and who demonstrates a level of
8 competence by achieving the standards established in the Kentucky Statewide Public
9 Postsecondary Placement Policy in English and mathematics, which is incorporated by reference,
10 and achieves the scores contained in paragraph (a) or (b) of this subsection shall be guaranteed
11 placement in credit-bearing coursework.

12 (8) An adult student who has been admitted without the ACT Assessment test or the SAT
13 may be placed into an appropriate course using:

14 (a) The ACT Residual Test;

15 (b) The ASSET Testing Program;

16 (c) The COMPASS Testing Program;

17 (d) The ACCUPLACER Testing Program; or

18 (e) An institutional placement test.

19 (9) An institution shall be responsible for determining the remediation required including the
20 number of developmental ~~[remedial]~~ courses required, if necessary.

21 (10) Effective with the fall semester of 2010 ~~[2009]~~, an institution shall enroll a student who
22 scores below the statewide standards in an appropriate developmental or entry-level course until
23 readiness ~~[rediness]~~ for credit-bearing courses has been demonstrated. An institution shall ensure

1 that a student who completes a developmental or supplemental course shall enroll in a credit-
2 bearing course in that subject or discipline, or in the case of reading, appropriate course work
3 requiring college-level reading skills.

4 (11)(a) KCTCS shall select campus placement tests for the community and technical colleges
5 that assess mathematics, English, and reading skills.

6 (b) KCTCS may use the ACT Assessment scores or SAT scores to place a student into an
7 appropriate developmental course.

8 (12) ~~{The}~~ KCTCS shall place a degree-seeking student who scores below the systemwide
9 ~~{system-wide}~~ standard in mathematics, English, or reading in an:

10 (a) Appropriate developmental course in the relevant discipline; or

11 (b) Entry-level college course if the course offers supplementary academic support, such as
12 extra class sessions, additional labs, tutoring, and increased monitoring of students, beyond that
13 which is usually associated with an entry-level course.

14 (13) KCTCS may exempt students enrolled in selected certificate and diploma programs
15 from an assessment and placement in mathematics, English, and reading. The list of certificate
16 and diploma programs that exempt students from the required assessment and placement in
17 mathematics, English, and reading shall be published by ~~{the}~~ KCTCS in the student catalog.

18 (14) An institution shall report to the council data that monitors the performance of first-time
19 students in developmental and entry-level courses. The core elements of the first-time students
20 performance monitoring system shall include, as appropriate:

21 (a) ACT or SAT scores;

22 (b) Institutional placement exam results;

1 (c) Information that identifies whether a course is developmental, entry-level, or entry-level
2 with supplementary academic support provided; and

3 (d) Grades in developmental and entry-level courses.

4 Section 7. Incorporation by Reference. (1) The following material is incorporated by
5 reference:

6 (a) "Core Content for Mathematics, High School,"^[;] Version 4.1, 2006,^[;] Kentucky
7 Department of Education;

8 (b) "General Education Transfer Policy and Implementation Guidelines,"^[;] 2004, Council on
9 Postsecondary Education;

10 (c) "Benefits of a High School Core Curriculum,"^[;] 2006, ACT; and

11 (d) "Kentucky Statewide Public Postsecondary Placement Policy in English and
12 Mathematics,"^[;]2004,^[;]

13 (2) This material may be inspected, copied, or obtained, subject to applicable copyright law,
14 at the Council on Postsecondary Education, 1024 Capital Center Drive, Suite 320, Frankfort,
15 Kentucky, Monday through Friday, 8 a.m. to 4:30 p.m.

Date

Richard A. Crofts, Interim President
Council on Postsecondary Education

APPROVED AS TO FORM:

Date

Dennis L. Taulbee, General Counsel
Council on Postsecondary Education

PUBLIC HEARING: A public hearing on *13 KAR 2:020. Guidelines for admission to the state-supported postsecondary education institutions in Kentucky* shall be held on February 24, 2009 at 10:00 a.m. at the Council on Postsecondary Education, Conference Room A. Individuals interested in being heard at this hearing shall notify this agency in writing by February 17, 2009, five working days prior to the hearing, of their intent to attend. If no notification to attend the hearing is received by that date, the hearing may be cancelled.

This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation.

Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON:

Dr. Michael Seelig
Interim Vice President, Academic Affairs
Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, Kentucky 40601
Phone: 502-573-1555, ext. 259
Fax: 502-573-1535
Email: mike.seelig@ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation 13 KAR 2:020. Guidelines for admission to the state-supported postsecondary education institutions in Kentucky.

Contact person: Dr. Michael Seelig
Interim Vice President, Academic Affairs
Council on Postsecondary Education
1024 Capital Center Drive
Suite 320
Frankfort, KY 40601
502.573.1555 ext. 259
mike.seelig@ky.gov
FAX: 502.573.1535

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation sets out the minimum requirements for admission to state-supported institutions and standards for the assessment and placement of students in developmental programs.

(b) The necessity of this administrative regulation: KRS 164.020(8) authorizes the Council on Postsecondary Education to set minimum admission requirements for the state-supported postsecondary education system. The Council has determined that the date for implementation of the standards for when developmental education is required needs to be delayed by one year. We also determined that the statewide standard for reading should be adjusted from twenty-one (21) to twenty (20) because of recent research that shows a high level of success for students with an ACT score of 20. The Council further wishes to require that developmental education work occur in the first academic year of a student's enrollment rather than the first semester. The additional semester will allow institutions to better schedule required course work.

(c) How this administrative regulation conforms to the content of the authorizing statutes: The administrative regulation conforms explicitly to the authorizing statutes.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: The administrative regulation provides guidance to high

school students and parents, K-12 guidance counselors, and other local school officials on what courses and other requirements are necessary for someone to enter a Kentucky state-supported postsecondary education institution. The administrative regulation sets standards for college readiness and requires assessment of students, particularly in English, reading, and mathematics.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendment changes the date for implementation of new placement standards in which developmental education is required, and changes the readiness standard in reading from twenty-one (21) to twenty (20).

(b) The necessity of the amendment to this administrative regulation: The Council on Postsecondary Education has determined that a one-year delay in the effective date for the new developmental education standards is in the best interest of the Commonwealth. Institutions that are required to implement the new standards need additional time to prepare and develop courses. Recent research shows that students with a readiness score of twenty (20) perform well in reading intensive courses. By changing the readiness standard to twenty (20), costs for remediation will be reduced without adversely affecting student performance.

(c) How the amendment conforms to the content of the authorizing statutes: The amendment conforms exactly to the authorizing statutes.

(d) How the amendment will assist in the effective administration of the statutes: The purpose of the statutory provision for the Council on Postsecondary Education to set minimum readiness standards supports the Council's strategic agenda calling for a significant increase in college graduates. A one-year delay will assist in implementation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The primary individuals and organizations affected by this regulation are public postsecondary education institutions, local school district officials, the Kentucky Department of Education, and prospective students and their parents.

(4) Provide an assessment of how the above group or groups will be impacted by either the implementation of this administrative regulation, if new, or by the change if it is an amendment: Additional time will allow postsecondary education institutions time to prepare for the new standards.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: No additional cost is contemplated as a result of the delay.

(b) On a continuing basis: No additional cost is contemplated as a result of the delay.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Not applicable.

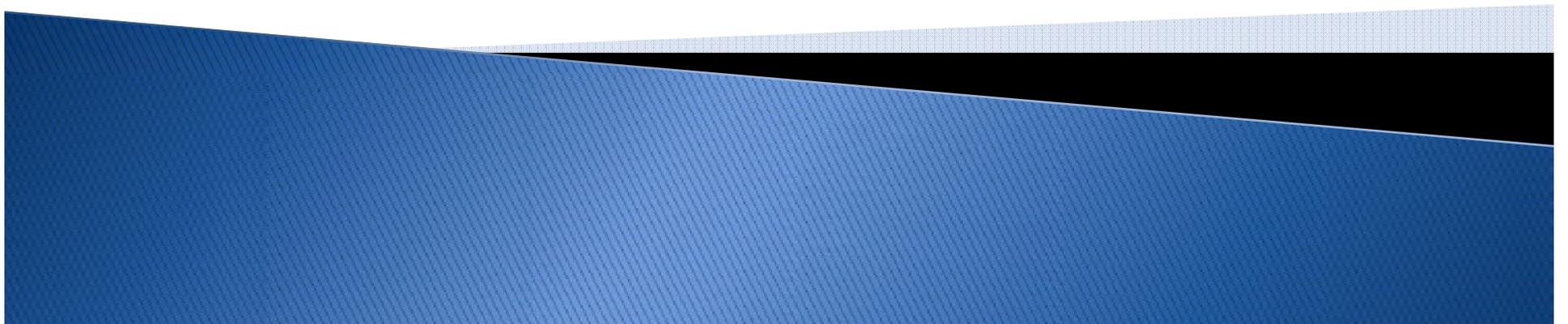
(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: Not applicable.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No.

(9) TIERING: Is tiering applied? Tiering is not appropriate under these circumstances.

Developmental Education and College Readiness Update

Sue Cain
January 16, 2009



The Need

In 2004 over 16,000 recent high school graduates entered Kentucky's postsecondary institutions underprepared to enter college-level work without additional coursework or academic support. The preparedness guidelines were ACT scores of 18 in English, mathematics, and reading.

CPE Report, September 2006

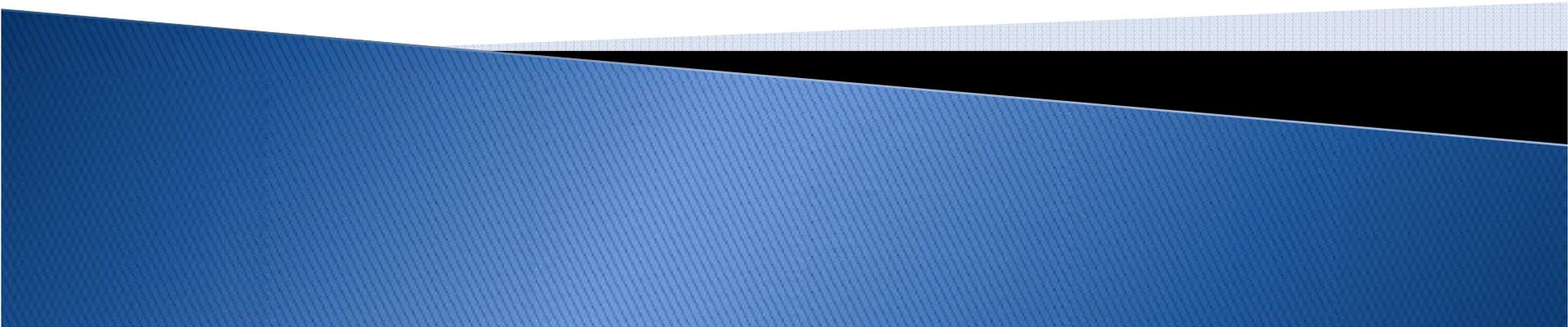


The Need

For the fall 2006 entering cohort of degree and credential-seeking students

- 40.8% were underprepared in mathematics (24% at 4-year public institutions and 68% at KCTCS institutions).
- 29.3% were underprepared in English composition (19.3% at 4-year public institutions and 45.6% at KCTCS institutions).
- 23.3% were underprepared in reading (15.7% at 4-year public institutions and 35.8% at KCTCS institutions).

CPE Report, August 26, 2008



Impact of the Revised Regulation

The increase in the readiness standards from 18 to 19 in mathematics and from 18 to 20 in reading will increase the number of students identified as not at the minimum college readiness levels.

- The increase for mathematics will be from 44.1% to 50.7% , an increase of 1,634 students (CPE, May 2007).
- The increase for reading will be from 24.8% to 35.2%, an increase of 2,552 students (CPE, January 2009).

What progress has been made?

- College readiness is a priority.
 - Revisions of 13 KAR 2:020 define standards.
 - The implementation of an assessment process that tracks student progress toward college readiness (EPAS).
 - Coordination of efforts to clearly define and communicate expectations for students entering postsecondary institutions.
- 

What progress has been made?

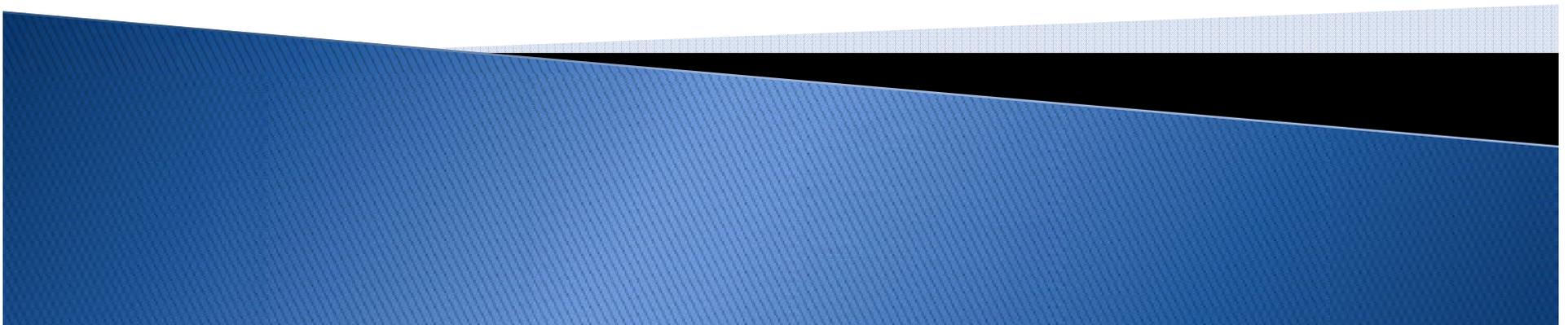
- Communication of the consequences for entering postsecondary institutions not meeting readiness standards.
- Creating free, online mathematics placement assessments available to all public institutions.
- Collaborations with P-16 councils and local school districts to provide early interventions.



What is the cost of not meeting college readiness standards?

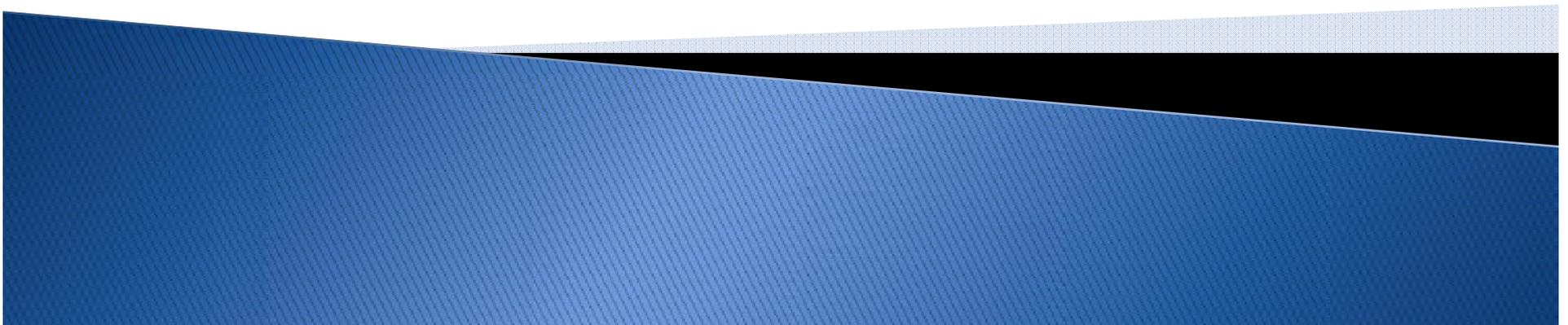
For students – tuition, textbooks, and time to degree or certificate.

For institutions – costs associated with providing needed instruction and services.



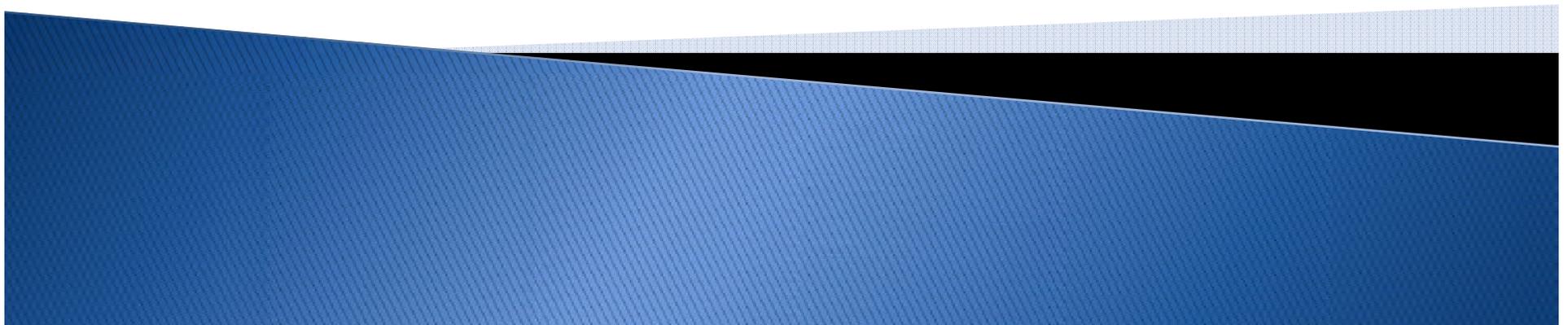
What is the cost of not providing developmental education?

- 1) Limited access to postsecondary institutions, especially for under-represented student populations...
- 2) Fewer Kentucky students with certificates and degrees...
- 3) Fewer desirable jobs...
- 4) Less state economic development...



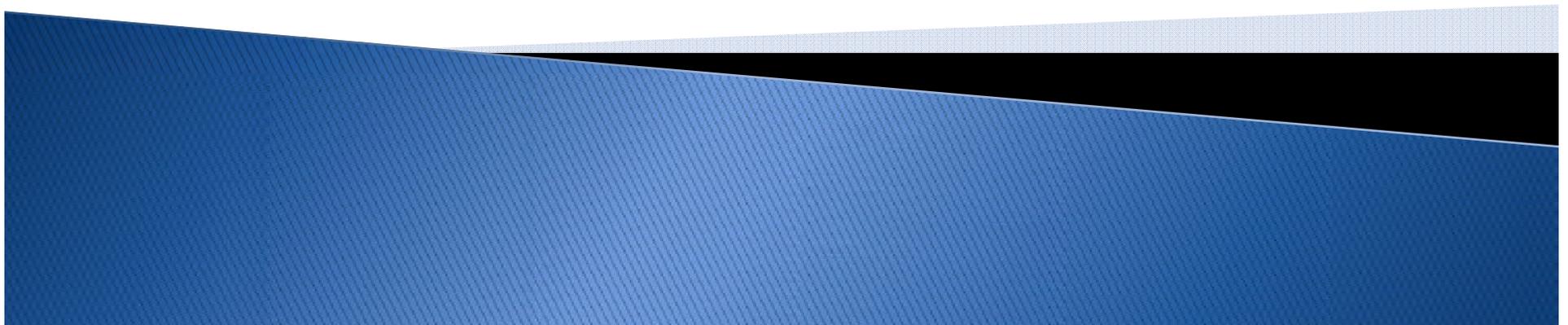
How do we minimize the need for developmental education?

- a) Provide excellent high school and adult education preparation.
- b) Provide intervention opportunities throughout the K–12 experience.
- c) Provide multiple modes of delivery for developmental education programs.
- d) Communicate with one voice the expectations of college readiness.
- e) Collaboration, collaboration, collaboration...

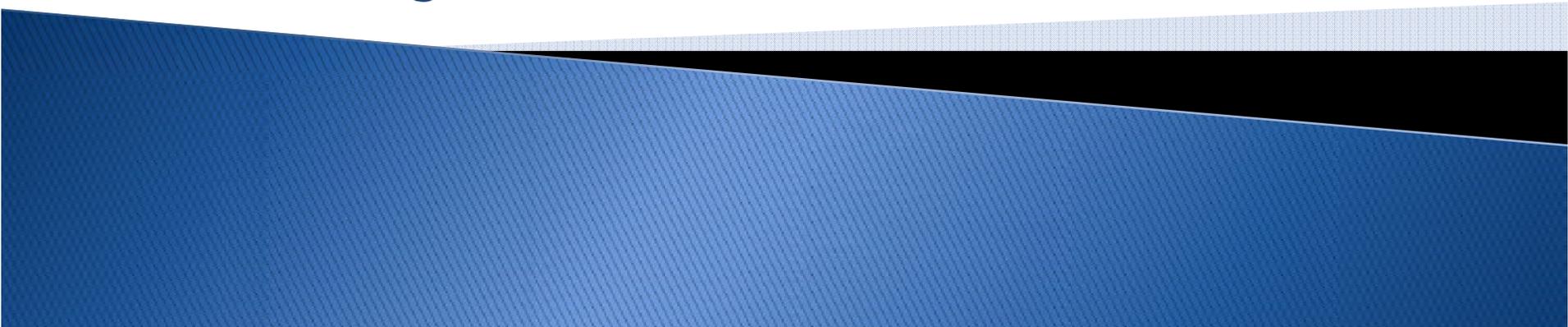


How will efforts be coordinated?

- Institutional meetings to review implementation of the revised readiness standards, student services, and collaborative efforts.
- Creation of work groups to evaluate entry level requirements and define core readiness content. A focus will be placed on the reading area.



How will efforts be coordinated?

- Review and evaluate placement and diagnostic assessments.
 - Review best practices for creating alternative delivery approaches for coursework.
 - Review P-16 intervention strategies leading to college readiness.
- 

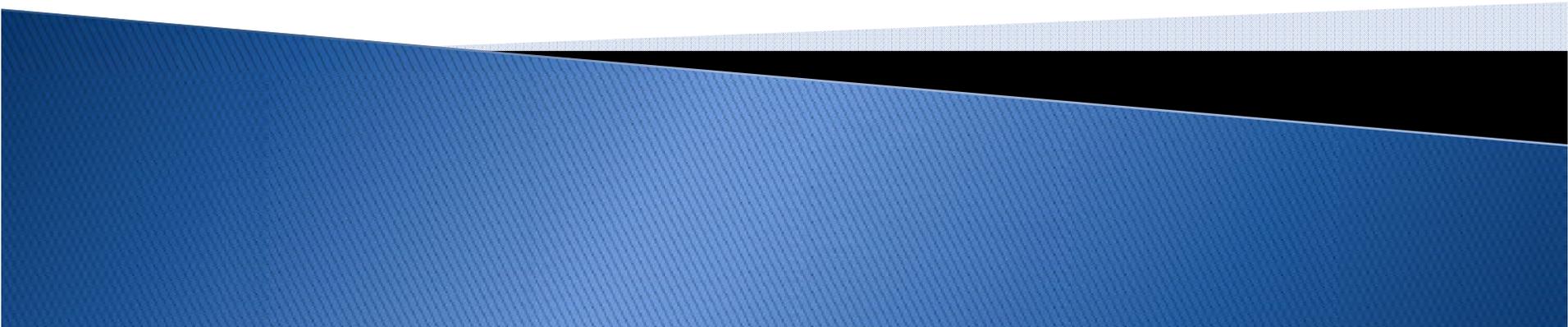
Questions and Comments

Please feel free to contact me.

Dr. Sue Cain

Sue.Cain@ky.gov

502-573-1555, EXT 254



**Council on Postsecondary Education
January 16, 2009**

Developmental Education: Update on Progress

This report will include an update on the Developmental Education Task Force recommendations and efforts to coordinate the implementation of the revised college readiness standards. Dr. Sue Cain will be working collaboratively with institutions to implement the standards and coordinate initiatives for designing alternative approaches to developmental education delivery systems. She will provide an update on her work at the January 16 meeting. The report is being finalized and will be distributed at the meeting.

Developmental Education Progress Report

The Council on Postsecondary Education staff has been working closely with institutional representatives to ensure that students enter postsecondary institutions and the workforce prepared to meet their educational and career goals. This work has been underway since the completion of the Developmental Education Task Force Report, which can be found at http://cpe.ky.gov/committees/develop_ed/. The recommendations from the Task Force are listed below with a progress report related to each recommendation.

Recommendation 1: Update the Admission Regulation

The admission regulation was revised and approved in December 2007. Given the timing of the regulation's approval, the institutions have voiced concerns related to the full implementation of the standard by fall 2009. Based on the amount of time needed for institutions to review the impact of revisions, develop implementation plans that included creating or enhancing courses and student support services (testing, advising, tutoring, and mentoring), aligning curricula and assessments to the new standard, revising budgets, revising admission policies and recruitment materials, and developing the training materials needed for faculty and staff, the Council staff agrees that delaying the implementation of the regulation to fall 2010 is the most prudent course of action. A coordinated statewide effort to implement the revised readiness standards at each postsecondary institution will be initiated over the next several months.

- 1) Institutional developmental education programs and the progress made to implement the revised standards, course and transfer course alignment, core content for developmental coursework, alternative online approaches for delivering developmental education coursework, placement and diagnostic assessments, and strategic initiatives to improve college readiness working with K-12 and adult education programs will be reviewed.
- 2) Institutional meetings will take place to review programs and progress made to implement the standards.
- 3) A reading workgroup has been established to evaluate and define essential reading needs related to college readiness.
- 4) As needed, workgroups in mathematics and English will be established to review core content, assessments, and best practice online approaches.
- 5) A cataloging of intervention strategies will occur, including work with K-12 and adult education programs.

Kentucky was one of the original states to join the American Diploma Project to set standards needed for students to successfully compete in the workforce or to enter postsecondary institutions prepared for college level work. That report, published early in 2004, *Ready or Not: Creating a High School Diploma That Counts*, included guidelines used in Kentucky to address college and workforce readiness. Two groups, the English Postsecondary Placement Policy Group and the Mathematics Postsecondary Placement Policy Group, used the ADP report, ACT

standards, and other national readiness standards guidelines to develop the Statewide Public Postsecondary Placement Policy. State and national data were used to determine ACT content specific scores for English and mathematics.

Concern related to the use of the ACT reading readiness standard of 21 has existed from the time the proposed regulation was released in March 2007. The increase in the reading readiness score from 18 to 21 meant that an additional 4,200 students would be identified across the Commonwealth who would require remediation, according to a CPE report released in March 2008 and requires the hiring of additional faculty at each institution to accommodate the need for additional coursework or supplemented program instruction in reading. A January 2009 assessment of reading readiness using ACT guidelines led to the recommended change of the reading readiness standard in the regulation from 21 to 20.

The proposal to revise the guidelines for readiness and the date of implementation are also being considered by the Council at this meeting.

Recommendation 2: Develop an Integrated College Readiness and Underprepared Student Accountability/Funding Proposal

The Council included in the 2008-10 budget requests for accountability and incentive measures for postsecondary institutions to increase the retention and graduation of underprepared students. Funding was also to include rewards and incentives for high schools and provide matching funds targeting teacher preparation. Due to budget shortfalls, the recommended funding is no longer feasible.

Kentucky Adult Education is working with the Kentucky Collaborative Center for Literacy Development (CCLD) to provide professional development for adult educators in reading and writing instruction. KYAE is currently working with the Kentucky Center for Mathematics at Northern Kentucky University to develop training for adult educators in the area of transitional mathematics instruction. The KYAE Curriculum and Instruction unit is working to develop teacher and student mathematics content standards according to the American Diploma Project standards. Both of these efforts will help promote college readiness for students transitioning from adult education to postsecondary institutions.

Recommendation 3: Fund Infrastructure Improvement

The current budget does not include new funding for infrastructure improvement. However, institutions have made progress in developing new infrastructures on their campuses despite this lack of funding.

Recommendation 4: Create Professional Development that Targets Readiness

The Improving Educator Quality State Grant Program awards grants to partnerships that deliver research-based professional development programs to P-12 teachers. The 2006 Kentucky

General Assembly passed Senate Bill 130 requiring the P-12 assessment program to include a high school readiness examination at the 8th, 10th, and 11th grade levels. This resulted in the implementation of ACT's Educational Planning and Assessment System (EPAS) in Kentucky. The bill also required that the Council on Postsecondary Education and public postsecondary institutions offer support and technical assistance to schools and school districts in the development of accelerated learning for students who demonstrate a need for intervention due to low scores on the high school or college readiness exams. Eight educator quality grants were awarded to five post-secondary institutions in partnership with local school districts, with awards totaling over \$1.1M, to improve college readiness.

Recommendation 5: Link Teacher Preparation More Strongly to College Readiness

Teacher preparation program accreditation standards have been revised to include a college readiness focus. The *Redesign in 2009* conference held in August 2008 had a focus on program initiatives, including use of online instruction, to help individuals develop essential skills needed in the workforce or to enter postsecondary institutions better prepared. The use of technology to expand college and workforce readiness and to define college readiness was a focus of the conference. A committee has been established to plan a May conference focusing on integrating faculty development and teacher quality issues.

Recommendation 6: Develop Early Interventions for Students

Limited funding may be available for postsecondary institutions to use to develop early intervention strategies and programming for middle and high school students, adult education students, and those students transitioning to postsecondary institutions. A competitive process will be developed for postsecondary institutions to receive up to \$30,000 to develop and implement these strategies.

Council on Postsecondary Education
January 16, 2009

State P-16 Council Report

At the December 2008 State P-16 Council meeting, members were advised of the current and pending budget cuts to much of the educational community. Education Secretary Helen Mountjoy explained the Governor's budget proposal based upon an increase in taxes on tobacco products and the implications for the P-16 Council. Secretary Mountjoy asked for continued collaboration of all agencies in pursuit of public funding stewardship. The P-16 Council approved a resolution in support of the Governor's proposed plan.

Ron Daley provided an update from the association of 22 local P-16 councils. The association met December 12 to hear presentations on regional stewardship activities. All local councils are being encouraged to apply for CPE competitive funding available to sustain their council activities.

Bill Bush, University of Louisville, reviewed the membership and mission of the Kentucky Committee for Mathematics Achievement. Initial activities of the committee include implementing a statewide primary mathematics intervention program, establishing a statewide mathematics coaching program, and establishing an intermediate/middle school intervention program. Dr. Bush reported the progress of the mathematics assessments in Kentucky including purpose, costs, strengths, and weaknesses and recommendations for improving assessments, which included reducing the number of standardized assessments to ensure a longitudinal approach and to address issues around the end-of-course assessments. Next steps will include differentiated instruction in high schools including resources, suggestions, high-quality professional development, and recruitment and retention of high-quality mathematics teachers.

Sue Cain, Eastern Kentucky University, was joined by Steve Newman and Paul Eakin of Northern Kentucky University and the University of Kentucky, respectively, who discussed their work with the statewide mathematics placement assessment. Collaborative efforts and local partnerships with K-12 school districts have resulted in progress with the Kentucky Online Testing (KYOTE) assessment now available free to all systems.

Lee Todd, president of the University of Kentucky and chair of the STEM2 Task Force, reported on the work of the task force and the need for public awareness about the critical need in Kentucky for STEM-disciplined graduates. He spoke of the recommendations that were presented in December to the Interim Joint Committees on Appropriations and Revenue and Education. This report, *The Science, Technology, Engineering, and Mathematics 21st Century Implementation Plan* (in progress), is available online and includes many areas of responsibility for P-16 stakeholders (<http://cpe.ky.gov/committees/stem/default.htm>).

Robert Hackworth, Kentucky Department of Education, updated the group on the application for the U.S. Department of Education grant funding to continue the Kentucky Instructional Data System (KIDS) project and P-20 data warehouse. Robert Hackworth and Charles McGrew (CPE) recently attended a Southern Regional Education Board conference and learned the extensive critical issues involving student privacy and how Family Educational Rights and Privacy Act (FERPA) requirements were being updated. There may be assistance available to Kentucky from SREB and the Gates Foundation to sort out the many requirements of FERPA and costs involved with a statewide data warehouse. In addition to aligning student P-16 data, the 2009 High School Feedback Report is being prepared. Plans are to expand the use of the feedback report to teacher preparation programs as well.

Gayle Hilleke and Eugene Blackburn with the Kentucky Campus Compact staff encouraged P-16 councils statewide to participate with KCC activities to engage students and communities in a service learning model. Recent KCC activities have included voter registration and civic engagement in the presidential election and the writing of proposals for addressing underage drinking on campuses. KCC is involved in international activities with a partnership in Russia addressing some agricultural needs while giving Kentucky students the opportunity to study and learn abroad.

The State P-16 Council plans to meet in March and June 2009.

COUNCIL ON POSTSECONDARY EDUCATION REPORT
1/16/09
FROM COMMISSIONER JON E. DRAUD

January 7, 2009, Kentucky Board of Education Special Meeting, Frankfort, KY

Highlights of the meeting were as follows:

➤ ***BOARD ACCEPTS COMMISSIONER DRAUD'S RESIGNATION AND APPOINTS INTERIM***

At a special meeting held on January 7, the Kentucky Board of Education accepted the resignation of Commissioner Jon Draud and agreed to waive the 90-day notice clause in his contract. In December, Draud announced that he would resign his position effective in early February due to health reasons. Draud asked that his resignation date be modified to January 31, and the board accepted that change.

The board also approved a motion naming Deputy Commissioner Elaine Farris as interim commissioner. She will serve in that capacity until the position is filled permanently and will not be a candidate for the position.

➤ ***NATIONAL SEARCH WILL BE CONDUCTED FOR NEXT COMMISSIONER***

In its discussion on the process to find the next commissioner of education, Kentucky Board of Education members agreed to issue a Request for Proposals (RFP) for a firm to conduct a national search. They also agreed to include all members on a screening committee to review applications for the commissioner's position.

The state board indicated it desires to follow a timeline that will have the new commissioner on board by the start of the 2009-10 school year. Thus, the RFP will be released as soon as possible so that a search firm can be selected and officially conduct the search process.

December 10-11, 2008, Kentucky Board of Education Meeting, Frankfort, KY

Highlights of the meeting were as follows:

➤ ***STATE BOARD ENDORSES GOVERNOR'S REVENUE ENHANCEMENT PLAN***

At its December meeting, the Kentucky Board of Education discussed the serious budget shortfall and its potential devastating effect on P-12 education. On the first day of the meeting, the Board asked Secretary of Education Helen Mountjoy to take its request to the Governor to spare SEEK from the budget cuts and then learned the next day that the

Governor's plan did in fact exempt SEEK, along with requiring only a 2% cut in the Kentucky Department of Education's budget and state grants. However, the Board was informed that this will be contingent on the passage of revenue enhancement by the General Assembly, specifically a 70 cent increase in the cigarette tax and increasing the tax on other tobacco products. As a result, the Board voted to support this revenue enhancement plan.

Once the numbers for budget reduction are finalized, Kentucky Department of Education staff was requested to come back to the Board with recommendations on how to make cuts using an approach of minimizing the impact on student learning.

➤ **2009 LEGISLATIVE AGENDA APPROVED**

In preparation for the upcoming General Assembly session, the Kentucky Board of Education approved its 2009 Legislative Agenda. The elements of that agenda are as follows:

- Interstate Compact on Education Opportunity for Military Children
 - Amend SB 68 to require that the Compact provisions also apply to the children of civilians that work for the military.
- School Facilities Evaluation Committee Recommendations
 - Allow Capital Outlay to be used for maintenance without forfeiting the district's participation in SFCC upon approval of the commissioner. Maintenance does not include property insurance.
 - Allow rapid-growth districts to use restricted or special funds for operational purposes during the first biennium of a new school's operation.
 - Modify KRS 157.420 to allow land for new schools or modifications to existing schools to be purchased with restricted cash for projects noted on the District Facilities Plan for use in the next eight years. Land would not be counted in the calculation of need.
- Dropout Prevention Grants
 - Amend KRS 158.146(4) to remove priority in the awarding of dropout prevention grants to districts with chronically high dropout rates, remove the requirement to direct 75% of available funds to elementary and middle school students and 25% to high school students, and focus the grant program on supporting promising and proven practices that are systemic, scalable, and replicable and are aligned with the principles of secondary reform.
- Blue Ribbon Panel on Interventions in Low-Performing Schools Recommendations
 - Add chronic low student academic performance as a cause for removal of a superintendent or school board members (KRS 156.182).

- Funding
 - Fund the Student Information System in the second year of the biennium (\$6,832,100).
 - Fund Read to Achieve and Math Achievement grants for the full biennium (\$10,518,500 Read to Achieve; \$1,400,000 Math Achievement).

- Assessment and Accountability Task Force Recommendations
 - Amend KRS 156.6453 to permit school level arts and humanities program evaluations to be used in addition to or in place of student assessment items in the assessment program.

- Preschool Funding Procedures
 - Amend KRS 157.226(3) to fund a district's next school year's preschool program on the basis of an average of the December 1 and the March 1 preschool membership with no further adjustments to the funding level.

- Post 2009 Items
 - Amend KRS 157.440 (Facilities Support Program of Kentucky) to increase the five-cent equivalent tax rate for facilities to ten cents. All districts should be required to levy ten cents. Those districts already levying ten cents or more are authorized to levy an additional five cents, but are not required to do this. All facility funding (except the growth levy) should become part of the FSPK program.
 - Raise the compulsory school age first to 17 and then to 18 in the following year.
 - Expand pre-K learning opportunities.

Next Meeting: February 10-11, 2009, Frankfort, KY

Council on Postsecondary Education
January 16, 2009

Governor's Higher Education Work Group Update

Governor Beshear established the Higher Education Work Group (HEWG) in October 2008 with a charge to develop recommendations that would:

- Move the state closer to the goal of ensuring access to postsecondary education to all Kentucky students, of all income levels.
- Develop a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform.

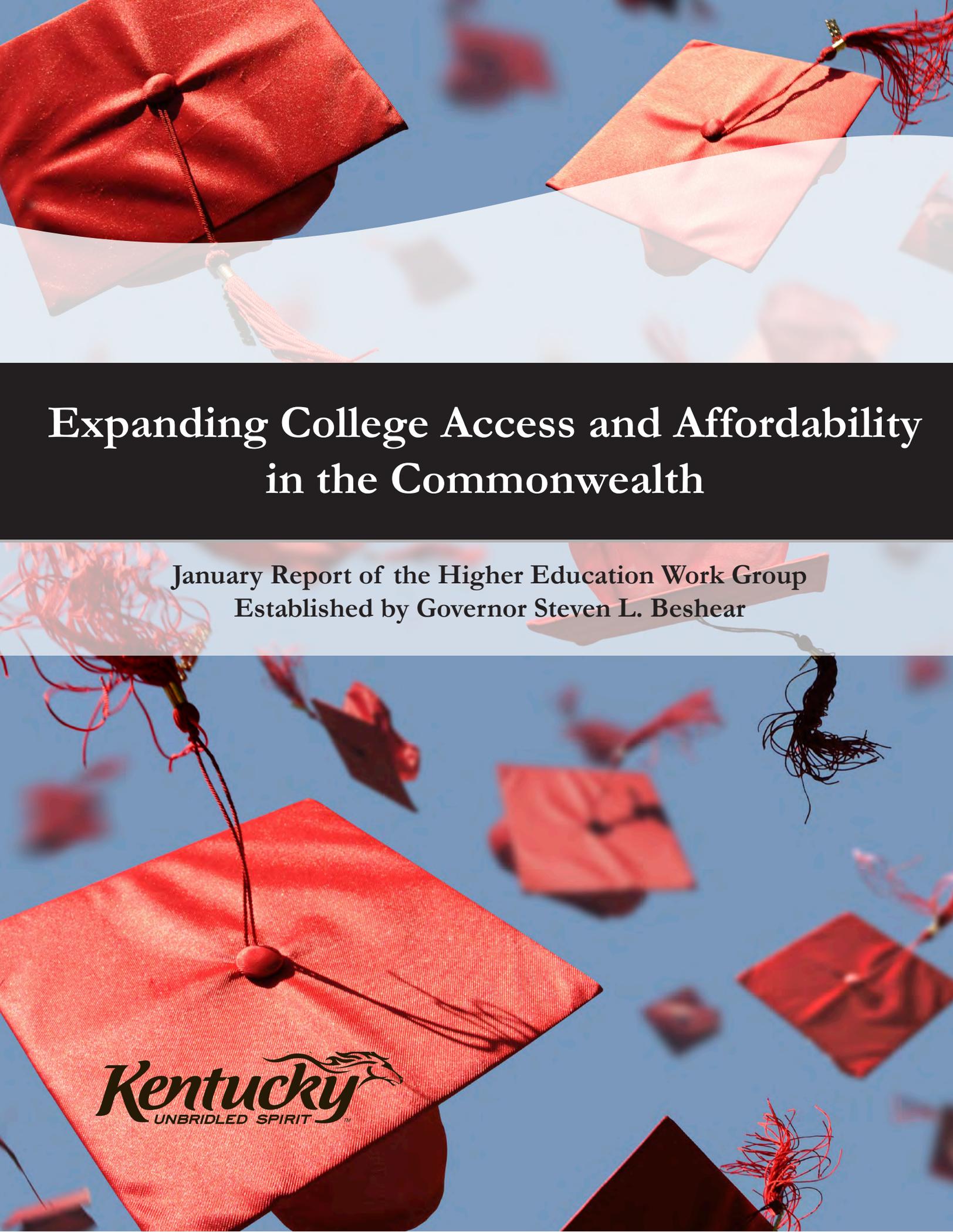
The work group is co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green and is comprised of prominent business, education, and policy leaders, including Interim CPE President Richard Crofts and Governor Paul Patton. It is to produce two reports in 2009, one on January 15 and one on September 1. A draft of the January 15 report is attached; the final report will be available at the January 16 meeting.

Pursuant to the Governor's Executive Order, this first report identifies a number of actions that could be implemented immediately to reduce college costs and improve efficiency in the system within current budget constraints. The report also recommends review of several key issues to inform the work of the HEWG over the next several months.

The report calls on the Council to participate in the implementation of several of the recommendations, including:

- Leading the development of a Kentucky Transfer Action Plan to be submitted to the Governor, legislative leadership, and others by October 2009 (Recommendation 3).
- Participating in a statewide effort to integrate and improve college access Web sites and other outreach marketing materials (Recommendation 4B).
- Working with the universities and other relevant organizations to increase collaboration and participation in consortia or other joint agreements to contain costs to increase purchasing power (Recommendation 5A).
- Developing guidelines to promote greater transparency and predictability for students and families around textbook costs (Recommendation 5C).
- Leading a comprehensive review of time- and credit-to-degree issues and developing a set of policy recommendations to improve performance in this area (Recommendation 6).

The challenges and recommendations in the January 15 report represent HEWG's initial effort to suggest immediate, specific steps that could be taken to increase college access in the short term. Broader policy issues related to state financial aid, tuition, higher education financing, and other substantive concerns are to be explored over the next nine months.



Expanding College Access and Affordability in the Commonwealth

January Report of the Higher Education Work Group
Established by Governor Steven L. Beshear

Kentucky
UNBRIDLED SPIRIT™

Submitted to Governor Steven L. Beshear
by the Higher Education Work Group

January 15, 2009

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EXECUTIVE SUMMARY

Rising college costs are preventing many capable, motivated Kentuckians from pursuing advanced degrees and compromising Kentucky's ability to achieve the 2020 goals for postsecondary education. Kentucky's quality of life and future economic prosperity will be in jeopardy unless bold, decisive steps are taken to improve college affordability.

Governor Steven L. Beshear signed an Executive Order on October 21, 2008, establishing the Higher Education Work Group. The 25-member bipartisan work group—comprised of prominent business, education, and policy leaders—is charged with producing two reports in 2009, one on January 15 and one on September 1. This first report identifies a number of actions the Governor could take immediately to reduce college costs and improve efficiency in the system within current budget constraints. Additionally, the report recommends review of several key issues to inform the work of the HEWG moving forward.

THE CHALLENGES TO COLLEGE AFFORDABILITY IN KENTUCKY

Making higher education more affordable will require a range of policy responses, short-term and long-term, direct and indirect. The recommendations offered in this report respond to concerns prominently voiced in testimony received by the Affordability Subcommittee during its November 19, December 2, and December 18 meetings, as well as by the subcommittee members themselves. These challenges, in abbreviated form, are listed below.

Challenge 1: Despite a significant public investment in state student aid programs over the past decade, tens of thousands of lower income Kentuckians who qualify for state grants do not receive aid because of lack of funds.

Challenge 2: There are numerous sources of state and federal financial aid to help students pay for college, but they can be difficult to access.

Challenge 3: Kentucky must improve performance in the area of transfer (two-year to four-year) to expand opportunities for students and increase degree production.

Challenge 4: Potential college students in Kentucky are confronted with an overwhelming amount of information from a variety of different sources on how to plan, apply, and pay for college.

Challenge 5: There are significant cost drivers other than tuition that influence what students are paying for college. While they do not receive the same level of scrutiny, these need to be addressed.

Challenge 6: Over half of full-time students at Kentucky's public universities do not graduate within six years. Those students who do earn degrees often end up accumulating many more credits than necessary, adding an unnecessary financial burden on the student and the state.

Challenge 7: Financial aid opportunities for working adults are limited and awareness of these benefits is low.

THE RECOMMENDATIONS

The Higher Education Work Group recommends that the Governor consider the following specific steps to preserve and improve the affordability of postsecondary education in Kentucky and increase college access in the short term. These recommendations, in abbreviated form, correspond to the seven challenges previously identified.

Recommendation 1:

Undertake a comprehensive review of Kentucky's state financial aid programs (both need and merit). Over the spring, a careful analysis of past studies and research on this topic should be conducted. A final report should include input from students, financial aid professionals, campus representatives, business representatives, and other interested parties, and would be due to the Higher Education Work Group by July 1, 2009. All or parts of the review may be conducted by a nationally recognized higher education policy organization or expert.

Recommendation 2:

2A. Urge Congress and the federal government to greatly simplify the Free Application for Federal Student Aid (FAFSA) form and pledge that in return, Kentucky's postsecondary institutions and state financial aid agency will not adopt additional forms or requirements for need-based aid.

2B. Provide more direct assistance to help students and families complete the FAFSA form and access all sources of aid, which may include placing current and recent college students in high schools as "near peer" college mentors (similar to the National College Advising Corps model).

2C. Once the FAFSA form is simplified and state programs are in place to assist families in its completion, adopt a policy requiring all Kentucky resident degree-seeking students to submit a FAFSA as a condition of receipt of all institutional, state, and federal need-based and merit-based financial aid, including tuition waivers.

Recommendation 3:

Direct the Council on Postsecondary Education and Kentucky's public postsecondary education institutions to provide a comprehensive report to the Affordability Subcommittee of the Higher Education Work Group on the state of transfer, including recommendations to substantially increase the number of successful transfer students from two-year to four-year institutions, by June 15, 2009. The report should evaluate compliance with the statute mandating a university track program [KRS 164.020(14)].

Recommendation 4:

4A. Launch a Governor-led public service campaign to bring renewed public attention to the importance of a college education and of the state and federal resources that make college more affordable. Designate a College Access Month in Kentucky.

4B. Designate the Secretary of Finance to convene representatives of interested agencies and parties to integrate the state's existing college access Web sites and resources into one comprehensive, consumer-friendly site for prospective college students by December 31, 2009.

4C. Call on the Advisory Conference of Presidents to take the lead in providing more transparency to incoming students on how much they will actually pay for college, including annual tuition and fees, room and board, textbooks, transportation, and other expenses by July 15, 2009.

4D. Call on the CPE to take the lead in providing more transparency to taxpayers and public policy leaders about what it costs colleges and universities to educate a student (not the student price but the actual instructional cost to the institution). CPE should research how other states calculate instructional costs per full-time and possibly part-time degree-seeking students and work with the public institutions to develop an appropriate methodology. CPE will report back to the Affordability Subcommittee by June 1, 2009.

Recommendation 5:

5A. Call on the postsecondary education community, in partnership with relevant state agencies, to increase collaboration and participation in consortia and other joint agreements to contain costs and increase the system's purchasing power on various goods and services.

5B. Encourage public colleges and universities to expand campus employment opportunities for students for up to 20 hours per week, helping them contribute to the cost of their education.

5C. Introduce legislation or direct the CPE—with the consultation of postsecondary institutions, faculty, student government, campus bookstores, and textbook publishers—to issue recommended guidelines to lower college textbook costs and promote greater transparency and predictability for students and families around this issue.

Recommendation 6:

Call on the CPE, in cooperation with the leaders and faculty of the state's postsecondary education institutions, and in partnership with other stakeholder groups, to undertake a thorough review of time- and credit-to-degree issues in Kentucky and develop a set of program and policy recommendations to improve performance, including the role that online courses can play in addressing access and affordability. The review should examine the impact of developmental education on time- and credit-to-degree and propose strategies for reducing remediation. A comprehensive set of recommendations should be submitted to the HEWG by August 1, 2009.

Recommendation 7:

7A. Encourage businesses to provide educational benefits and assistance (e.g., tuition remission, contributions to college savings accounts, workplace college-level education offerings) to their employees to pursue postsecondary education. Provide incentives and publicly recognize or reward employers and employees who offer or use educational benefits to encourage other Kentuckians to follow their example.

7B. Call on the Secretary of Economic Development to convene the state's economic, business, education, and workforce development partners to review existing workplace education incentives, benefits, and programs, with the purpose of finding more innovative, creative ways to use existing resources.

7C. Encourage the CPE and postsecondary institutions to evaluate policies related to awarding credit for college-level experiential learning and use of credit by exam options.

7D. Create a highly visible link to educational benefits for veterans on the state's comprehensive college access Web site, and heavily promote the "new GI Bill" to eligible veterans when it goes into effect in August 2009. Allow military veterans to enroll at Kentucky public postsecondary institutions at resident tuition rates.

While these recommendations are an important first step, the second report, due September 1, will examine more substantive, complex issues surrounding college affordability, such as the balance between tuition and state support, higher education financing, institutional effectiveness and productivity, and state student financial aid.

INTRODUCTION

Despite significant progress over the last decade, Kentucky's level of educational attainment remains below the national average. Only 22 percent of Kentucky's working-age adults (25-64) have at least a bachelor's degree, compared to 29 percent nationally.¹ The state's ability to increase the quality of life for its citizens and compete in a knowledge-based, global economy depends on our ability to close this educational attainment gap.

Under the leadership of former Governor Paul Patton, the Kentucky General Assembly passed the *Postsecondary Education Improvement Act of 1997* (House Bill 1), which put in motion a long-term strategic plan to accelerate the state's efforts to improve the quality of our postsecondary system and dramatically increase the number of Kentuckians going to college and earning degrees and credentials. A critical part of this equation was to help ensure that college was affordable for all Kentucky citizens. Innovations such as establishment of the Kentucky Educational Excellence Scholarship (KEES), and the dedication of nearly all of the lottery profits to either need- or merit-based financial aid, were important steps toward that essential objective.

Nevertheless, reform in the area of college affordability has veered off track. According to a 2005 college cost study commissioned by the Council on Postsecondary Education (CPE) and follow up analysis completed over the past year, college is becoming less affordable in Kentucky, particularly for low- to moderate-income families, part-time learners, and working adults. The driving forces behind this trend are declining state appropriations, rising tuition, increasing student debt levels, and stagnant state financial aid and wage growth. As a result:

Kentucky is no longer a low-tuition state. Tuition at Kentucky's public four-year colleges and universities has increased an average of ten percent per year over the last ten years, compared to seven percent in surrounding states. At community and technical colleges, the state's designated low-cost providers, tuition has increased about 12 percent annually over the same time period. According to the College Board, in 2007, the average tuition and fees at Kentucky's public universities were \$6,287, compared to the national average of \$6,185. At KCTCS, average tuition and fees were \$3,450, compared to the national average of \$2,361.

Kentucky students and families are paying a larger share of higher education costs than ever before. In 1998, two-thirds of public funding to postsecondary institutions came from the state, and about a third came from tuition revenue. Today, that ratio is about 50:50. Adjusting for inflation, state appropriations per full-time enrolled student have declined by over \$1,000 since 1998, while tuition per full-time enrolled student has increased by about \$2,900.



College is becoming less affordable in Kentucky, particularly for low- to moderate-income families, part-time learners, and working adults.

Student loan debt in the U.S. has more than doubled over the last decade. According to the Project on Student Debt, about two-thirds of all bachelor's degree students in Kentucky graduate with debt—an average of \$17,000 total upon graduation, compared to about \$19,000 nationally.² Private loans, which tend to have higher interest rates than federal student loans, now account for about 23 percent of loan dollars, up from seven percent a decade ago.³ The debt students accumulate in college is a particular problem in Kentucky given the state's relatively low income levels.

Rising tuition has outpaced more modest increases in federal and state financial aid. In ten years, the maximum federal Pell grant award for low-income students has increased by only \$800—from about \$3,500 to \$4,300 per year.⁴ While state financial aid has grown significantly over the past decade, Kentucky Lottery proceeds, which fund these programs, are not projected to increase fast enough to offset future demand for aid.

Kentucky's per capita income as a percent of U.S. per capita income has declined slightly, from about 82 percent in 1998 to about 80 percent in 2007.⁵ Factoring in inflationary increases, the purchasing power of most Kentucky families and individuals has actually decreased over the last decade.

Paying for college in Kentucky is increasingly a challenge for thousands of capable, motivated students and families. Achievement of the 2020 postsecondary reform goals and, more importantly, Kentucky's future economic prosperity, will be in jeopardy unless bold, decisive steps are taken to improve college affordability.

Kentucky's future economic prosperity will be in jeopardy unless bold, decisive steps are taken to improve college affordability.

THE GOVERNOR'S HIGHER EDUCATION WORK GROUP

To ensure that any Kentuckian with the ability and desire to succeed is not denied access to a college education because of cost, Governor Steven L. Beshear signed an Executive Order (2008-1109) on October 21, 2008, establishing the Higher Education Work Group (HEWG). This bipartisan work group—co-chaired by Mira Ball of Lexington and Pete Mahurin of Bowling Green and comprised of prominent business, education, and policy leaders—was charged with producing two reports in 2009, one on January 15 and one on September 1. Pursuant to the Governor's Executive Order, this first report identifies a number of actions the Governor could implement immediately to reduce college costs and improve efficiency in the system within current budget constraints. Additionally, this report recommends review of several key issues to inform the work of the HEWG moving forward.

This report reflects the work of the HEWG's Affordability Subcommittee, chaired by Secretary of Finance and Administration Jonathan Miller. The subcommittee met four times between November and January to hear testimony from national and state experts and to identify and prioritize recommendations for short-term action. A Student Advisory Committee and a Presidents' Advisory Committee were formed to provide general guidance and policy direction, and they will continue to meet throughout the process. Kentucky's Coalition of Senate and Faculty Leadership (COSFL) also provided initial suggestions. The recommendations of these groups pertaining to the first report are included in the Appendix.

The second report, due September 1, will be a more thorough, comprehensive undertaking by the Affordability Subcommittee and the Strategic Planning Subcommittee, which met for the first time on December 18 and is chaired by Larry Hayes, Executive Secretary of the Governor's Cabinet. The September report will focus on two objectives:

1.) Moving the state closer to the goal of ensuring access to postsecondary education for all Kentucky students, of all income levels.

2.) Developing a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform. This roadmap should ensure transparency and fairness in determining state support and provide that, in exchange for stable and increased funding, the CPE and the institutions would continue to increase productivity and back away from the high rate of tuition increases adopted in the last decade.



This first report identifies a number of actions the Governor could implement immediately to reduce college costs and improve efficiency in the system within current budget constraints.



Achieving these objectives will likely require the postsecondary system to step outside traditional models and practices and consider new ways to operate that increase college access and success, maintain quality, and control costs.

Achieving these objectives will likely require the postsecondary system to step outside traditional models and practices and consider new ways to operate that increase college access and success, maintain quality, and control costs. The current fiscal environment, though challenging, provides a powerful incentive for innovation and change. Now is the time to ask:

Are the state's limited financial aid resources being used in the most effective way?

Are there new instructional and operating models that have been used successfully in other states?

Are there new approaches to financing postsecondary and adult education that can be explored that better align funding with performance?

THE CHALLENGES TO COLLEGE AFFORDABILITY IN KENTUCKY

In the information and testimony provided to the HEWG, a number of challenges to college affordability emerged. While some are direct (e.g., price increases in tuition, fees, and textbooks), others are more indirect (e.g., increases in the time it takes a typical student to graduate or inefficiencies in the transfer system). Making higher education more affordable will require a range of policy responses, short-term and long-term, direct and indirect. Though by no means comprehensive, the following challenges and recommendations represent the group's initial effort to suggest immediate, specific steps that could be taken to increase college access in the short term.

The recommendations in this report do not address the balance between public support of postsecondary education and student tuition and fees. The ideal relationship between appropriations and tuition will be addressed by the Strategic Planning Subcommittee, and recommendations will be considered in the final report of the Higher Education Work Group in September.

Challenge 1: Despite a significant public investment in state student aid programs over the past decade, tens of thousands of lower income Kentuckians who qualify for state grants do not receive aid because of lack of funds.

With the passage of Senate Bill 21, Kentucky leaders took the bold step of dedicating nearly 100 percent of lottery proceeds to student financial aid to encourage more Kentuckians to go to college. The legislation created the Kentucky Educational Excellence Scholarship program (KEES), modeled on Georgia's popular HOPE merit scholarship program, and at the same time dramatically increased funding for Kentucky's two need-based programs, the College Access Program (CAP) and the Kentucky Tuition Grant Program (KTG). With phased-in funding from lottery proceeds, Kentucky's General Fund investment in student aid has increased 240 percent, from \$27.6 million in 1998 to \$93.3 million in 2007. As Sandy Baum, Senior Policy Analyst at the College Board and Professor of Economics at Skidmore College, noted in her presentation to the Affordability Subcommittee on December 2, Kentucky is now one of the leading states in need-based aid funding per recipient.

Despite this very strong effort, about 45,000 students (nearly 47 percent of all applicants) qualified for CAP or KTG in 2008 but did not receive grants due to lack of state funding, according to KHEAA's presentation to the subcommittee on November 19. Lottery funding is now fully phased in, so additional resources or adjustments in current programs will be needed not only to provide funding to eligible students left out, but also to allow increases in awards and keep up with rising college costs.

This report does not address the balance between public support of postsecondary education and student tuition and fees. This will be considered in the September report.



There is broad consensus among members that it is time for a review of state financial aid program and policies to determine whether they are adequately meeting the needs of Kentucky students.

Given the short time frame between the initial meeting of the HEWG and the due date for this first report, there has been limited opportunity to evaluate the complex issues surrounding state financial aid and provide detailed recommendations. However, there is broad consensus among the members that it is time for a review of state financial aid programs and policies to determine whether they are adequately meeting the needs of Kentucky students and achieving their intended goals.

Recommendation 1:

Undertake a comprehensive review of Kentucky's state financial aid programs (both need and merit) to assure the system adequately meets the financial needs of students (adult and traditional age), encourages both access and success, promotes retention and completion, appropriately rewards merit, is transparent and well understood, helps maintain access to a range of postsecondary education providers, and provides students and families early in a student's K-12 career with a clear assurance that funding will be made available.

A final report should include input from students, financial aid professionals, campus representatives, business representatives, and other interested parties, and would be due to the Higher Education Work Group by July 1, 2009. All or parts of the review may be conducted by a nationally recognized higher education policy organization or expert and may include the following issues:

- a detailed analysis of the KEES, CAP, and KTG programs to determine if they are achieving their original objectives, and whether program changes may be needed to create a more effective state financial aid system. The analysis should consider the retention and graduation rates of aid recipients.
- a review of Kentucky's tuition tax credit program to determine its effectiveness in meeting the state's goals of improved college access and affordability.
- an assessment of student aid policy proposals from the Kentucky Chamber of Commerce, legislators, the financial aid community, and other relevant parties.
- an evaluation of best practices in other states to determine whether new programs and services are required to assure Kentucky is addressing the financial needs of those students most affected by rising college costs, including adult learners.
- a review of efficiencies that could be achieved among college affordability and outreach programs at various state agencies, with recommendations for streamlining functions, programs,

and services.

- a review of the extent to which “scholarship stacking” occurs (when students are awarded financial aid packages—including waivers and merit-and need-based aid—in excess of the total cost of attendance) to determine if policies are needed to eliminate this practice.
- an assessment of the feasibility of offering financial assistance for textbooks, which could be in the form of state tax credits or emergency vouchers.
- an assessment of the feasibility of offering statutory economic incentives for Kentucky businesses that create new jobs and/or add capital investment. These incentives may take the form of tax credits for college tuition paid by businesses for its employees, dependent upon the number of new jobs or the amount of new investment.
- a compilation of all recent Kentucky studies conducted on postsecondary education and student financial aid, to be provided by the CPE to the Affordability Subcommittee.

Challenge 2: There are numerous sources of state and federal financial aid to help students pay for college, but they can be difficult to access. The Free Application for Federal Student Aid (FAFSA) is lengthy, complicated, and difficult to complete. Minority, low-income, first-generation, and adult college students need more intensive help to connect them with the information and resources they need.

There is widespread agreement that the current Free Application for Federal Student Aid (FAFSA) is a barrier to college access. According to the testimony of Dr. Baum to the subcommittee, the FAFSA is longer than the federal tax form, complex, intimidating in tone, and requires a great deal of personal and family financial information that can be difficult to track down.

A recent study estimates that about 1.5 million college students in the U.S. who were likely eligible for a federal Pell grant did not apply for aid in 2004.⁶ According to KHEAA analysis, 42 percent of undergraduate students enrolled in Kentucky public and independent two-year and four-year institutions in 2007 did not complete a FAFSA, while about a quarter of full-time students and two-thirds of part-time students did not file. In her December 2 presentation to the subcommittee, Dr. Baum advocated for a simplified aid system that would be less bureaucratic and more transparent for students who may be missing out on crucial resources that could place a college education within their reach.

There have been a number of proposals to streamline the FAFSA in recent years. One would shorten the form from five pages to two; increase access to the online application, which notifies applicants of potential problems or errors before the form is submitted; and

The FAFSA is longer than the federal tax form, complex, intimidating in tone, and requires a great deal of personal and family financial information that can be difficult to track down.

encourage better coordination between the IRS and the U.S. Department of Education. With something as simple as a check box, FAFSA filers could give their permission to access the necessary income information directly from the IRS, resulting in a shorter, easier, and more accurate process.⁷ But until the problem is addressed at the federal level, more must be done to ensure needy students are accessing all aid that is currently available to them.

Executive Director Dr. Nicole Hurd testified to the subcommittee on December 18 about the National College Advising Corps, a program that places recent college graduates in low-income high schools as college advisers. Alongside guidance counselors, these advisers provide students with one-on-one encouragement and help to complete college and financial aid applications. This is just one example of an approach Kentucky could take to ensure more students are taking advantage of federal, state, and institutional aid programs.

Recommendation 2:

2A. Urge Congress and the federal government to greatly simplify the FAFSA form and pledge that in return, Kentucky's postsecondary institutions and state financial aid agency will not adopt additional forms or requirements for need-based aid.

2B. To lessen the burden of this requirement, provide more direct assistance to help students and families complete the FAFSA form and access all sources of aid.

Possible actions include:

- Creating a partnership with the state's tax preparation community and other interested and qualified parties to provide assistance to students and families in filling out the FAFSA and accessing state and federal grants and tax credits, utilizing a wide variety of communications efforts such as online social networking.
- Piloting a program similar to the National College Advising Corps that would place college students and recent college graduates in high schools as "near peer" mentors, particularly in those schools with high poverty and low college going rates.

2C. Once the FAFSA form is simplified and state programs are in place to assist families in its completion, adopt a policy requiring all Kentucky degree-seeking students to submit a FAFSA as a condition of receipt of all institutional, state, and federal need-based and merit-based financial aid, including tuition waivers.

Challenge 3: Increasing the number of transfer students from KCTCS who go on to earn a bachelor's degree is a key strategy in achieving state goals and could lower the cost of college for thousands of students. While transfers have been increasing, Kentucky must step up progress in this area to expand opportunity for students and increase degree production.

Increasing transfer from two-year to four-year institutions is a key strategy in the state's plan to increase educational attainment to the national average by 2020. While the Subcommittee did not have an opportunity to review transfer in much detail during its first months of work, a number of questions and concerns were raised by members of the subcommittee and by KCTCS President Mike McCall during his December 18 presentation.

Legislation passed in 1996 and amended in 1997 mandated that CPE develop a university track program within KCTCS consisting of 60 hours of instruction that could be transferred to an in-state public university and applied toward a bachelor's degree. Ongoing work at the state level and on campuses has strengthened collaboration, improved advising, and created new tools to assist students in the transfer process. However, barriers remain.

For many students, beginning postsecondary education at KCTCS and completing at a four-year college or university is not only a sound academic decision, but an economical one. It is in the state's best interest to ensure the pathways from two-year to four-year institutions and between four-year institutions are clearly marked and easy to navigate. In his comments to the subcommittee during the December 18 meeting, Senator Tim Shaughnessy noted inconsistencies and a lack of standardization in how KCTCS courses and degree programs currently interact with the state's four-year programs. These concerns must be addressed.

Recommendation 3:

Direct the CPE and Kentucky's public postsecondary education institutions to provide a comprehensive report to the Affordability Subcommittee of the Higher Education Work Group on the state of transfer, including recommendations to substantially increase the number of successful transfer students from two-year to four-year institutions, by June 15, 2009.

The report would:

- identify barriers to successful transfer from two-year to four-year institutions and between four-year colleges;
- evaluate compliance among members of the state postsecondary system with the mandate of a university track program as outlined in KRS 164.020(14);



For many students, beginning postsecondary education at KCTCS and completing at a four-year college or university is not only a sound academic decision, but an economical one.

- clearly define “transfer student” for the purposes of assessing progress; and
- review best practices and policy solutions from other states and propose recommended changes.

Challenge 4: Potential college students in Kentucky are confronted with an overwhelming amount of information from a variety of different sources on how to plan, apply, and pay for college. Students and families unfamiliar with the application and financial aid process find it difficult to navigate and often become discouraged. Many students overestimate the actual cost of college and are not aware of the state, federal, and institutional assistance that can make college more affordable.

According to a November 2008 study by the Institute for Higher Education Policy, many academically qualified students do not go to college due to insufficient financial aid, mixed messages about academic preparation, poor understanding of admission and financial aid application processes, and overestimation of college costs.⁸ The report mirrors the findings of many other studies highlighting the need for increased awareness of college costs and of the types of financial aid available. This information should be easy to locate and understand, and presented in sequential, concrete steps. Otherwise, students unfamiliar with the college application and financial aid process may become discouraged and opt out of college.

On November 19 and December 2, the subcommittee received extensive testimony on college outreach and communications efforts that have been targeted to a variety of student populations. These include the Go Higher Kentucky campaign and highly functional Web site (www.gohigherky.org); numerous outreach activities, including regional and mobile field staff, and publications developed and provided by the Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation (*Getting In, The College Circuit, Affording Higher Education, Adults Returning to School*, and newsletters to all Kentucky families, middle and high school counselors, and adult education providers); Gear Up Kentucky, an early college awareness program for middle and high school students; the Kentucky College Access Network (www.kentuckycan.org); and Kentucky’s newest campaign, KnowHow2Go (www.knowhow2go.org), a partnership with the American Council on Education and the Lumina Foundation. These state-level messages and campaigns each make positive contributions, but a lack of coordination has led to an overlap in messages, potential inefficiencies in administration, and possible confusion among brands.

Recommendation 4:

4A. Launch a Governor-led public service campaign to bring renewed public attention to the importance of a college education and of the state and federal resources

Many students overestimate the actual cost of college and are not aware of the state, federal, and institutional assistance that can make college more affordable.



that make college more affordable. The Governor should designate a College Access Month in Kentucky tied to a series of events, PSAs, online networking opportunities, and other promotions to raise the visibility of financial aid programs and application deadlines and encourage more Kentuckians to go to college.

4B. As part of the Governor's efforts, designate the Secretary of Finance to convene representatives of KHEAA/KHESLC, CPE, colleges and universities, KDE, AIKCU, the Commonwealth Office of Technology, the Governor's new OpenDoor Web site, and other interested parties to integrate the state's existing college access Web sites and resources into one comprehensive, consumer-friendly site for prospective college students by December 31, 2009. Special sections of the site should prominently address the needs of military families, adults returning to school, online learners, and transfer students.

4C. Provide more transparency to incoming students on how much they will have to pay for college, including tuition and fees, room and board, textbooks, transportation, and other expenses.

By July 15, 2009, call on the Advisory Conference of Presidents to:

- Develop a standardized methodology for public universities to use when calculating "total cost of attendance."
- Publicize and explain the difference between the published cost of attendance ("sticker price") and the discounted cost most students and families actually pay for their education.
- Provide appropriate college cost and expenditure data to the comprehensive statewide college access Web site, the new OpenDoor Web site, and other Web sites and publications aimed at prospective college students.

4D. Provide more transparency to taxpayers and public policy leaders about what it costs colleges and universities to educate a student (not student price, but actual instructional costs per full-time and possibly part-time degree-seeking students). Call on the CPE to research how other states calculate instructional costs and work with the public institutions to develop an appropriate methodology. CPE will report back to the Affordability Subcommittee by June 1, 2009.



Challenge 5: While much attention is paid to keeping tuition affordable, tuition and fees actually account for less than half (20-40 percent) of a student's full cost of attendance. There are other, significant cost drivers that influence what students are paying for college that do not receive the same level of scrutiny but that need to be addressed.

In 2007-08, the total cost of attendance for in-state, full-time students at public institutions was about \$13,900 at KCTCS, \$14,600 at the comprehensive universities, and over \$18,400 at the research universities. Room and board accounts for 40-50 percent of these totals. In addition, the price of college textbooks—with the proliferation of new editions, CD-ROMs, and other supplemental materials—now accounts for more than five percent of the cost of attendance at public four-year institutions.

In response, several states are looking at innovative ways to realize greater cost savings. In Maryland, colleges streamlined some administrative procedures to provide more money for academic priorities. The system leveraged its buying power by purchasing electricity as a group, not campus by campus, with savings estimated at ten to 15 percent or \$5 million over the three-year life of the contract. Another \$5 million will be saved over five years through a new agreement with Microsoft.⁹

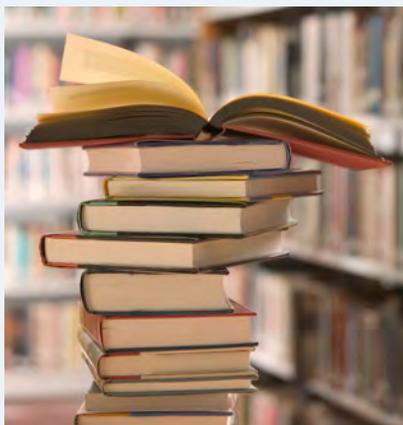
The Student Advisory Committee focused its efforts on actions that could be taken to increase the affordability of college textbooks. In their research, the committee found that 28 states introduced legislation in 2008 related to this issue, proposing measures like providing more cost information to faculty making textbook selections or requiring schools to include textbook requirements with course descriptions at registration.¹⁰

Recommendation 5:

5A. Call on the CPE to work with public universities, KCTCS, independent colleges and universities, the Finance Cabinet, and other relevant state agencies to increase collaboration and participation in consortia and other joint agreements to contain costs and increase the system's purchasing power on various goods and services.

5B. Encourage public colleges and universities to expand on-campus employment opportunities for students for up to 20 hours per week, helping them contribute to the cost of their education.

5C. Introduce legislation or direct the CPE—with the consultation of postsecondary institutions, faculty, student government, campus bookstores, and textbook publishers—to issue recommended guidelines to lower college textbook costs and promote greater transparency and predictability for students and families around this issue.



These may include:

- provisions to improve the timeliness of textbook adoptions, such as a requirement for colleges and universities to post required textbooks with ISBNs online at least 30 days prior to the start of class.
- provisions for publishers to sell “bundled” components (workbooks, CD-ROMs, and other supplemental materials) individually, and to publish a summary of the differences between textbook editions to help faculty determine if new editions are necessary.

Challenge 6: Less than half of full-time students at Kentucky’s public universities graduate within six years, and only 17 percent of KCTCS students complete an associate degree in three years. Those students who do earn degrees often end up accumulating many more credits than necessary, adding an unnecessary financial burden on the student and the state.

The amount of time and number of academic credits it takes to earn a degree are key indicators of student and institutional success and were issues of considerable interest to the subcommittee. Not completing a two-year or four-year degree in a timely manner, or at all, can have profound financial implications for students and their families, as well as for Kentucky taxpayers. While the graduation rate for Kentucky’s public universities is improving (in 1998, 39 percent of full-time students graduated within six years compared with 47 percent in 2006), the system’s performance continues to trail regional and national averages. In 2007-08, Kentucky’s bachelor’s degree recipients on average had earned 142 credit hours at graduation, 18 percent more than a typical 120-hour requirement; associate degree recipients on average had earned 93 credit hours, 50 percent more than a typical 60-hour requirement.

There are a variety of factors that contribute to the amount of time it takes to earn a degree. Many students balance significant work and/or family responsibilities with school (especially adult learners); change majors or educational goals; withdraw from courses excessively; receive limited academic advising; or stop in and out several times due to personal or financial concerns. The average number of credit hours required for most bachelor’s degree programs has also crept up. While a typical credit-hour requirement for bachelor’s degree programs is around 120, five Kentucky universities now require at least 128 hours. Remedial needs, which contribute to the time and number of credits it takes to earn a degree, may grow as enrollment grows and as transfers increase. One thing is certain: Kentucky will not reach its educational attainment goals until the percentage of students earning degrees and graduating in a timely manner significantly improves.



Kentucky will not reach its educational attainment goals until the percentage of students earning degrees and graduating in a timely manner significantly improves.

Dual credit and enrollment programs, which offer qualified students the opportunity to earn college credit while still in high school, could be a way to shorten time-to-degree. On December 18, KCTCS president Dr. Mike McCall presented the subcommittee with a pilot project that would allow 500 high school students interested in business administration or information technology to earn credit leading to an associate degree through online programs offered by KCTCS. This is just one example of a strategy that could be employed.

Recommendation 6:

Call on the CPE, in cooperation with the leaders of the state's postsecondary education institutions, and in partnership with other stakeholder groups, to undertake a thorough review of time- and credit-to-degree issues in Kentucky and develop a set of program and policy recommendations to improve performance, including the role that technology and online courses can play in addressing issues of access and affordability. A comprehensive set of recommendations should be submitted to the HEWG by August 1, 2009.

The report may include, but not be limited to:

- an evaluation of best practices to accelerate degree completion, including expanded use of technology in face-to-face course delivery, online courses and programs, dual credit/enrollment options for high school and community and technical college students, and credit for prior learning.
- an evaluation of best practices in other states to improve retention and degree completion, with particular attention to the needs and challenges of first-generation students, adult learners, and minority students.
- a review of course completion data, with suggested strategies for institutions to minimize the negative effects of "course shopping" and excessive withdrawals.
- a review of credit hours earned at both two-year and four-year institutions, with suggested strategies to curb increasing program credit requirements and unnecessary credit accumulation.
- A review of the impact of developmental education on time- and credit-to-degree, with proposed strategies for reducing remediation.
- Recommendations to encourage graduation within four years, which may include providing proper counseling at registration and tutorial support to assure students can complete coursework within four years. Perhaps offer financial incentives for four-year graduation, such as capping tuition and fee increases for those students. (This may be determined by the Strategic Planning Subcommittee in its evaluation of the relationship between state funding and tuition setting.)

Challenge 7: Financial aid opportunities for working adults are limited and awareness of these benefits is low. The work and family demands faced by adults require more flexibility in how and when educational programs are offered. The new Post-9/11 GI Bill, which goes into effect August 1, 2009, expands educational benefits for service men and women, presenting Kentucky with a tremendous opportunity to enroll more military veterans in college.

According to the December 18 testimony of Representative Carl Rollins, Chair of the Adult Learning Initiative's Work Group on Financial Aid for Adult Learners, Kentucky has about 500,000 working-age adults who have been to college but have not received a bachelor's degree. There are many more adults without a high school diploma or GED that could, with some assistance, earn that credential and transition to college. Adults who are thinking about going back to college confront barriers that can easily overwhelm or discourage them. They often attend college part-time or less than part-time, which limits their financial aid options. They may make the decision to return to college in August, only to find that many financial aid programs have been tapped out. And middle-income adults who do not qualify for need-based aid may be unable to manage the extra expense of college tuition, fees, books, and other incidentals.

There are a number of strategies that can ease the financial burden on working adults and make college more affordable. Credit for prior learning, including credit by exam options (such as the College Level Examination Program, or CLEP), can make postsecondary education more accessible and create an incentive for adults to further their education. Passing a CLEP examination can earn students from three to 12 hours of college credit for a cost of about \$70. Businesses also can be a substantial financial aid resource for working adults; tuition assistance programs can increase employee retention and lead to a more knowledgeable, productive workforce. Several states like Illinois and Maine have promoted lifelong learning accounts, where employee contributions, matched by employers or state government, are used to pay for a variety of educational expenses.

On December 2, the subcommittee heard presentations from Col. Charles Jones and CPT Bryan Combs of the Kentucky National Guard, and Sgt. Pam Cypert of the Kentucky Department of Veterans Affairs. They testified that Kentucky soldiers returning from Afghanistan and Iraq represent a large pool of potential college students in Kentucky. *The Post-9/11 Veterans Educational Assistance Act of 2008* (the "new GI Bill") will enhance financial assistance for service men and women to continue their education, but information about these new benefits must be easy to find, understand, and use. National focus group findings confirm that veterans are often unaware of the specifics of their educational benefits and even less aware of the national, state, and campus programs designed to meet their specific needs.¹¹



Businesses can be a substantial financial aid resource for working adults; tuition assistance programs can increase employee retention and lead to a more knowledgeable, productive workforce.



Kentucky should pursue a number of programs and practices to make college more affordable and accessible to adults.

Recommendation 7:

7A. Encourage businesses to provide educational benefits and assistance (e.g. tuition remission, contributions to college savings accounts, workplace college-level education offerings) to their employees to pursue postsecondary education. Provide incentives and publicly recognize or reward employers and employees who offer or use educational benefits to encourage other Kentuckians to follow their example.

7B. Call on the Secretary of Economic Development to convene the state's economic, business, education, and workforce development partners to review existing workplace education incentives, benefits, and programs, with the purpose of finding more innovative, creative ways to use existing resources.

7C. Encourage the CPE and the postsecondary institutions to evaluate policies related to awarding credit for college-level experiential learning and various exam options. For example, CLEP, used extensively by military personnel and other adult learners, is a low-cost alternative to rising college tuition and can accelerate time to degree.

7D. Provide greater support for U.S. servicemen and women by creating a highly visible link to educational benefits for veterans and active duty personnel on the state's comprehensive college access Web site, heavily promoting the "new GI Bill" when it goes into effect in August 2009. Allow military veterans to enroll at Kentucky public postsecondary institutions at resident tuition rates.

ENDNOTES

1. Educational attainment statistics for Kentucky adults from the American Community Survey, U.S. Census Bureau, as reported in *Measuring Up 2008: The State Report Card on Higher Education*. National Center for Public Policy and Higher Education, 2008.
2. As reported by the Project on Student Debt, an initiative of the Institute for College Access and Success, using data from Peterson's undergraduate financial aid databases, 2007 (<http://projectonstudentdebt.org>).
3. Nonfederal student loans grew rapidly for most of the decade, increasing from seven percent of education loans in 1997-98 to 23 percent in 2005-06. Private loan volume declined slightly in inflation-adjusted dollars in 2007-08, but still represents 23 percent of the total loan volume, as reported in "Trends in Student Aid 2008," by The College Board.
4. The value of the maximum Pell Grant in 2007 dollars rose from \$3,504 to \$4,626 between 1997-98 and 2002-03. It then declined to \$4,146 in 2006-07, and increased to \$4,310 in 2007-08, as reported in "Trends in Student Aid 2008," by The College Board.
5. Kentucky's per capita income is now \$21,951, as reported by the U.S. Census Bureau, 2007 American Community Survey.
6. King, Jacqueline. *Missed Opportunities: New Information on Students Who Do Not Apply for Financial Aid*. American Council on Education, 2006.
7. Asher, Laura. "Going to the Source: A Practical Way to Simplify the FAFSA." Institute for College Access and Success, March 2007.
8. Hahn, Ryan D. and Derek Price, Ph.D. "Promise Lost: College-Qualified Students Who Don't Enroll in College." Institute for Higher Education Policy, November 2008.
9. Mills, Kay. "Effectiveness and Efficiency: The University System of Maryland's Campaign to Control Costs and Increase Student Aid." National Cross Talk, a Publication of the National Center for Public Policy and Higher Education, Spring 2006.
10. The National Association of College Stores has been tracking state legislation related to college and university textbooks. These can be accessed on their Web site: www.nacs.org/news/statebills.asp.
11. American Council on Education. "Serving Those Who Serve: Higher Education and America's Veterans." November Issue Brief 2008.

APPENDIX A: HIGHER EDUCATION WORK GROUP EXECUTIVE ORDER



STEVEN L. BESHEAR
GOVERNOR

EXECUTIVE ORDER

2008-1109
October 21, 2008

Secretary of State
Frankfort
Kentucky

RELATING TO ESTABLISHMENT OF THE HIGHER EDUCATION WORK GROUP

WHEREAS, this Administration believes that no citizen of the Commonwealth, who has the drive and ability to succeed, should be denied access to the benefits of a college education simply because of his or her inability to pay for it; and

WHEREAS, the attainment of a college degree has been demonstrated as a leading indicator of a higher quality of life, better employment opportunities and higher income levels; and

WHEREAS, a college-educated populace can attract the high-tech jobs of the future to the Commonwealth; and

WHEREAS, the Kentucky Postsecondary Education Improvement Act of 1997 ("House Bill 1"), as codified at KRS 164.003(2)(a), called for "a seamless, integrated system of postsecondary education strategically planned and adequately funded to enhance economic development and quality of life," and

WHEREAS, it is the desire of this Administration to conceive and implement an immediate plan of action that ensures college affordability and access for more of our citizens; and

WHEREAS, it is the desire of this Administration to ensure that the ambitious goals for postsecondary reform outlined in House Bill 1 are fully realized by 2020; and

WHEREAS, it will require the thoughts, ideas, and interaction of all facets of state government, the educational community, and the private sector to come up with this plan that capitalizes on promising ideas already promulgated, and blends them in with new and emerging ideas, to result in a feasible and implementable plan:

NOW, THEREFORE, I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority vested in me by Section 12.029 of the Kentucky Revised Statutes, do hereby ORDER and DIRECT the following:

1. There is hereby created and established the "Higher Education Work Group" ("Work Group"). The Work Group shall be administratively attached to the Finance and Administration Cabinet. The Finance and Administration Cabinet shall provide administrative support to the Work Group. Policy and research staffing, and other support, shall be provided primarily by the Council on Post-Secondary Education.
2. The mission of the Work Group shall be as follows:
 - a) By January 15, 2009, the Work Group shall deliver to me a plan of action, including any recommended executive measures and legislative proposals that would, within current budget constraints, promote coherency and efficiency in the delivery of financial aid; and potentially secure cost



STEVEN L. BESHEAR
GOVERNOR

EXECUTIVE ORDER

Secretary of State
Frankfort
Kentucky

2008-1109
October 21, 2008

savings that could be shifted to provide more financial aid for low to middle-income students. Any aspects of the plan needing legislative authority will then be immediately disseminated to the General Assembly with the intention of enacting its provisions in the 2009 Regular Session of the General Assembly.

- b) By September 1, 2009, the Work Group shall deliver to me a plan of action, including any executive measures and legislative proposals that would:
 - i) Move the state closer toward the goal of ensuring access to higher education to all Kentucky students, of all income levels; and
 - ii) Develop a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of House Bill 1 from 1997. This roadmap should ensure transparency and fairness in determining state support, and the institutions would continue to increase productivity and scale back from the high rate of tuition increases adopted in the last decade.

Any aspects of the plan needing legislative authority will then be disseminated to the General Assembly with the intention of enacting its provisions in the 2010 Regular Session of the General Assembly.

- 3. The membership of the Work Group shall consist of the following who are hereby appointed to serve by this Order:
 - a) Joan Coleman, President, AT & T Kentucky, Louisville;
 - b) Gary Cox, President of the Association on Independent Colleges and Universities of Kentucky;
 - c) Richard Crofts, Interim President, Council on Postsecondary Education;
 - d) Edward Cunningham, CEO, Kentucky Higher Education Assistance Authority;
 - e) David Grissom, Chairman, Mayfair Capital, Louisville
 - f) Jean Hale, Chairman & CEO & President, Community Trust Bank Corp., Pikeville;
 - g) Larry Hayes, Secretary of the Governor's Executive Cabinet and Acting Secretary, Cabinet for Economic Development;
 - h) Ed Holmes, President, EHI Consultants, Lexington;
 - i) Alice Houston, President & CEO, Houston-Johnson, Inc., Louisville;
 - j) Ronnie James, President & CEO, James Marine, Paducah;
 - k) Robert Lekites, President of UPS Airlines, Louisville;
 - l) Jonathan Miller, Secretary, Finance and Administration Cabinet;
 - m) Helen Mountjoy, Secretary, Education and Workforce Cabinet;
 - n) Jim O'Brien, Chairman & CEO, Ashland Oil, Covington;
 - o) The Honorable Paul Patton, former Governor, Pikeville;
 - p) Ben Richmond, President, Louisville Urban League;
 - q) Steve St. Angelo, President, Toyota Kentucky, Georgetown; and
 - r) Vic Staffieri, CEO, Chairman & President of EON, Louisville.



STEVEN L. BESHEAR
GOVERNOR

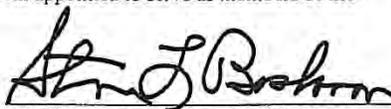
EXECUTIVE ORDER

2008-1109
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Secretary of State
Frankfort
Kentucky

4. The Co-Chairs of the Work Group shall be Mira Ball, Chief Financial Officer, Ball Homes, Lexington; and Pete Mahurin, Senior Vice President, Hilliard Lyons, Bowling Green. The Work Group shall meet upon the call of the co-chairs. Members of the Work Group shall serve without compensation, but shall be reimbursed their out-of-pocket expenses.
5. The Work Group shall request the participation of four (4) Members of the Kentucky General Assembly, asking each of the following legislative leaders to designate one (1) member from their respective chambers to serve on the Work Group: the President of the Senate, the Speaker of the House, the Minority Leader of the Senate, and the Minority Leader of the House. The Work Group shall request the participation of the Honorable Crit Luallen, the Auditor of Public Accounts.
6. There shall be two (2) subcommittees formed within the Work Group: an Affordability Subcommittee, which will focus on efforts to make postsecondary education more affordable for Kentucky citizens and a Strategic Planning Subcommittee, which will focus on developing a clear roadmap on reaching the reform goals by 2020, as outlined in House Bill 1. These subcommittees shall report to the full Work Group in a fashion that will allow sufficient time for the full Work Group to meet its reporting deadlines as set out in Section 2 above.
7. The Affordability Subcommittee shall be chaired by the Secretary of Finance and Administration, and the Strategic Planning Subcommittee shall be chaired by the Secretary of the Governor's Executive Cabinet. The Subcommittees shall meet upon the call of the Subcommittee Chairs.
8. Members of the full Work Group are invited to participate in the meetings of either or both of the two subcommittees.
9. Upon request by the co-chairs and subcommittee chairs, all state agencies are directed to assist the Work Group with accomplishing the directives previously set forth, including the Cabinet for Economic Development, the Education and Workforce Development Cabinet, the Kentucky Higher Education Assistance Authority, and the Office of the State Budget Director.

Please issue Commissions to the persons herein appointed to serve as members of the Work Group.


STEVEN L. BESHEAR, GOVERNOR
Commonwealth of Kentucky


TREY GRAYSON
Secretary of State

APPENDIX B: GOVERNOR BESHEAR'S VISION



HIGHER EDUCATION WORK GROUP: Governor Beshear's Vision

Governor Steve Beshear believes that no person in Kentucky with the drive and ability to succeed should be denied access to a college education because he or she can't afford it. He understands that the economic viability of this state, and thus the quality of life for those who live here, is unequivocally linked to the education level of our citizens.

Unfortunately today, too few Kentuckians enter college, and even fewer graduate. The barriers have become too high, and particularly as we are in the midst of an unprecedented national financial crisis, too many Kentucky families are struggling to afford to send their kids to college, and too many others are struggling to pay to keep them there.

The Governor also understands that our university and college leaders have found it difficult to plan for 2020—and thus meet the objectives of postsecondary education reform passed in 1997—because of the sporadic nature of state funding. Year to year, we have not been consistent in delivering the support needed.

To those ends, Governor Beshear has formed a new broad-based, bipartisan Work Group, composed of business leaders, higher education policy experts, key legislators, and senior Beshear Administration officials. The Governor has charged this Work Group with the following responsibilities:

- ✚ By January 15, 2009, prepare for the Governor, General Assembly, and the new CPE President, a package of recommended executive actions and legislative proposals that would, within current budget constraints:
 - 1) Provide financial relief to Kentucky families by controlling expenses associated with attending college;
 - 2) Promote coherency and efficiency in the delivery of financial aid; and
 - 3) Potentially secure cost savings that could be shifted to provide more financial aid for low to middle-income students.

- ✚ By September 1, 2009, prepare for the Governor and the 2010 Regular Session of the General Assembly comprehensive legislative proposals that would:
 - 1) Move the state closer towards the goal of ensuring access to postsecondary education to all Kentucky students, of all income levels; and
 - 2) Develop a clear roadmap for reaching the level of state funding needed between now and 2020 for the institutions to achieve the goals of reform. This roadmap should ensure transparency and fairness in determining state support, and provide that, in exchange for stable and increased funding, the CPE and the institutions would continue to increase productivity and back off from the high rate of tuition increases adopted in the last decade.



HIGHER EDUCATION WORK GROUP: Members and Advisors

CO-CHAIRS:

Mira Ball, Chief Financial Officer, Ball Homes, Lexington
Pete Mahurin, Senior Vice President, Hilliard Lyons, Bowling Green

BUSINESS COMMUNITY:

Joan Coleman, President, AT & T Kentucky, Louisville
David Grissom, Chairman, Mayfair Capital, Louisville
Jean Hale, Chairman & CEO & President, Community Trust Bank Corp, Pikeville
Ed Holmes, President, EHI Consultants, Lexington
Alice Houston, President & CEO, Houston-Johnson, Inc., Louisville;
Ronnie James, President & CEO, James Marine, Paducah
Robert Lekites, President, UPS Airlines, Louisville
Jim O'Brien, Chairman & CEO, Ashland Inc., Covington
Ben Richmond, President, Louisville Urban League
Steve St. Angelo, President, Toyota Kentucky, Georgetown
Vic Staffieri, CEO, Chairman & President of EON, Louisville

EXECUTIVE BRANCH:

The Honorable Crit Luallen, Auditor of Public Accounts
Larry Hayes, Executive Secretary of the Governor's Cabinet
Helen Mountjoy, Secretary, Education and Workforce Cabinet
Jonathan Miller, Secretary, Finance and Administration Cabinet

GENERAL ASSEMBLY:

Designees of:
The President of the Senate
The Speaker of the House
The Senate Minority Leader
The House Minority Leader

HIGHER EDUCATION:

The Honorable Paul Patton, former Governor
Gary Cox, President, Association of Independent Colleges and Universities
Richard Crofts, Interim President, Council on Postsecondary Education
Edward Cunningham, CEO, Kentucky Higher Education Assistance Authority

PRESIDENTS' ADVISORY COMMITTEE:

Wayne Andrews, President Morehead State University
Michael Carter, President, Campbellsville University
Randy Dunn, President, Murray State University
Cheryl King, President, Kentucky Wesleyan College
Michael McCall, President, Kentucky Community and Technical College System
James Ramsey, President, University of Louisville
Gary Ransdell, President, Western Kentucky University
Larry Shinn, President, Berea College
Mary Evans Sias, President, Kentucky State University
Lee Todd, President, University of Kentucky
James Votruba, President, Northern Kentucky University
Doug Whitlock, President, Eastern Kentucky University

**APPENDIX C:
MEMBERSHIP OF THE AFFORDABILITY AND
STRATEGIC PLANNING SUBCOMMITTEES**

Affordability Subcommittee

Chair: Secretary Jonathan Miller

Mira Ball, HEWG Co-Chair
Gary Cox
Richard Crofts
Edward Cunningham
David Grissom
Alice Houston
Robert Lekites
Auditor Crit Luallen
Pete Mahurin, HEWG Co-Chair
Secretary Helen Mountjoy
Jim O'Brien
Governor Paul Patton
Ben Richmond
Representative Carl Rollins
Amy Scarborough
Senator Tim Shaughnessy
Steve St. Angelo

Strategic Planning Subcommittee

Chair: Secretary Larry Hayes

Mira Ball, HEWG Co-Chair
Gary Cox
Richard Crofts
David Grissom
Jean Hale
John Hicks
Edward Holmes
Representative Jeff Hoover
Auditor Crit Luallen
Governor Paul Patton
Representative Carl Rollins
Amy Scarborough
Senator Tim Shaughnessy
Vic Staffieri
Senator Kenneth Winters

APPENDIX D: PRELIMINARY RECOMMENDATIONS



Governor Steve Beshear's **HIGHER EDUCATION WORK GROUP**

Governor's Higher Education Workgroup Affordability Subcommittee

PRELIMINARY DRAFT RECOMMENDATIONS: FOR DISCUSSION ONLY

For Immediate Action

1. Develop a plan for a comprehensive, one-stop, consumer-friendly Web site for prospective college students, bringing together all college affordability and access resources. Special sections of the site should address the needs of military families, adults returning to school, and transfer students.
2. Provide more transparency to incoming students on what college will actually cost, including tuition, room and board, textbooks, transportation, and other incidentals.
 - a. Better distinguish for students and their parents between the published cost of attendance ("sticker price") and the actual cost most students pay for their education
 - b. Develop a standardized methodology for public universities to use when calculating total cost of attendance.
 - c. Require the CPE and institutions to supply appropriate college cost and expenditure data to the state's new e-transparency Web site, Open Door Kentucky. This information should also be included on the one-stop college affordability Web site, college Web sites, and other publications aimed at prospective college students.
3. Declare February as college access month in Kentucky as part of a Governor-led public service campaign, bringing public attention to the importance of a college education and the state and federal resources that make college affordable.
4. Develop a partnership among the state, postsecondary institutions, and the business and civic communities to provide assistance to students and families in filling out the FAFSA and accessing state and Federal grants and tax credits. To help implement this recommendation, pilot a college access corps, which involves college students and recent college graduates in mentoring high school

students, particularly those from low-income families. This may include use of social networking tools.

5. Charge the Council on Postsecondary Education to work with public universities, KCTCS, independent colleges and universities, and state agencies to increase collaboration and participation in consortia and other joint agreements to contain costs and increase the purchasing power on various goods and services regularly purchased by postsecondary education institutions.
6. Encourage public colleges and universities to expand campus employment opportunities for students, helping them contribute to the cost of their education.
7. Provide more high school students with an opportunity to participate in online, tuition-free dual credit programs.
8. Require all Kentucky resident full- and part-time students to submit a Free Application for Student Financial Aid (FAFSA) as a condition of receipt of all institutional, state, and federal need and merit-based financial aid, including tuition waivers.
9. Urge Congress and the Federal Government to greatly simplify the FAFSA form and pledge that in return, Kentucky's postsecondary institutions and state financial aid agency will not adopt additional forms or requirements for need-based aid.
10. Prohibit the practice of scholarship stacking, limiting financial aid awards to the total cost of attendance.
11. Explore strategies to better manage the rising cost of textbooks and promote greater transparency and predictability for students and families around textbook costs. (This recommendation will be more fully developed in the recommendations from the student advisory committee).
12. Encourage businesses to provide educational benefits (i.e. tuition remission, contributions to college saving accounts, workplace college-level education offerings) to their employees.
13. Ensure that hours earned through credit by exam options (i.e. CLEP) are accepted by public postsecondary institutions. CLEP, used extensively by military personnel and other adult learners, is a low cost alternative to rising college tuition and can accelerate time to degree.

Recommended studies for purposes of September 1 report:

1. Undertake a comprehensive review of Kentucky's state financial aid programs to assure that the system adequately meets the financial needs of Kentucky students; is transparent and well understood; is predictable and relatively simple; rewards academic success and degree completion; does not unduly saddle students with debt after college; encourages development and participation in innovative program delivery; promotes choice among institutions, public and private; and provides students and families early in a student's K-12 career with a clear assurance that funding will be made available.
2. Conduct a thorough review of time and credit to degree issues, with recommendations for getting more students to graduate in four years and within their program's credit hour requirements. Review strategies to encourage acceleration through the system including dual enrollment, open entry/open exit, online courses and completion in less than usual program time.
3. Identify efficiencies that could be achieved among affordability and outreach programs at various state agencies, with recommendations for streamlining functions, programs and services.
4. Conduct a comprehensive study of the transferability of credits, from two- to four-year programs and among the four-year institutions.

APPENDIX E: PRESIDENTS' ADVISORY COMMITTEE RECOMMENDATIONS DECEMBER 16, 2008

The Presidents' Advisory Committee by general consensus supports the following recommendations for consideration by the Affordability Subcommittee:

- Consider a student financial aid policy for public postsecondary institutions that ensures the state has primary responsibility for need-based aid while the institutions have primary responsibility for merit-based aid.
- Undertake a thorough study of the effectiveness of the state's financial aid programs, including the Kentucky Educational Excellence Scholarship program, to ensure the state's limited resources are targeted to students with the greatest financial need and focused on student access and success.
- As a condition of receiving institutional, state, or federal need-based or merit-based financial aid, require Kentucky students to file a Free Application for Federal Student Aid (FAFSA). Provide more assistance to students and families in completing the form.
- Better distinguish for students and their parents between the published cost of attendance ("sticker price") and the actual cost most students pay for their education. Widely publicize this message on the state's college access outreach Web site, the institutions' Web sites, through early college awareness activities and materials, and other communications channels.
- Develop policies at public postsecondary institutions to ensure students are not awarded financial aid packages (including waivers, merit-based and need-based aid) in excess of the total cost of attendance ("stacking"). This would allow limited financial aid resources to be directed to more students, as well as to students with the greatest financial need.
- In addition to measures already taken by the institutions, explore further opportunities for producing efficiencies and savings through statewide purchasing consortia, centralization of some university functions, shared resources or programs, and other cost containment strategies.
- Explore measures to encourage or reward students who finish a bachelor's degree program in four years and/or within their program's credit hour requirement. Possibilities include refundable loans, tuition reductions, or other incentives for students who make timely progress through the postsecondary education system.
- Research best practices in improving and expanding work study and other campus employment opportunities for students.
- Undertake a review of tuition waivers required by statute to ensure they are not replacing or duplicating any federal or state aid program that may be available to students. Adopt a moratorium on new tuition waivers until this review is complete.
- Urge the Governor, Kentucky's congressional delegation, and other federal officials to press for simplification of the FAFSA form. Pledge that neither the state nor the institutions will adopt additional forms or requirements to augment a streamlined form.

APPENDIX F: STUDENT ADVISORY COMMITTEE RECOMMENDATIONS DECEMBER 17, 2008

The Student Advisory Committee by general consensus supports the following recommendations for consideration by the Affordability Subcommittee:

Explore strategies to strengthen the market for used textbooks, which comprise only 25-30 percent of the textbook market, but are typically 25 percent less expensive.

- Increase communication between campus bookstores and faculty regarding text selection options and ordering procedures.
- Make faculty aware of the monetary effects of switching editions, using different textbooks, and ordering bundled materials.
- Determine the feasibility of guaranteed buy-back programs, which identify for students at the time of purchase which texts the campus bookstore will accept for buy-back.
- Encourage students and institutions to develop online book swaps, which connect student buyers and sellers directly.

Establish guidelines or principles for textbook selection that can minimize price increases.

- Retain textbooks for a longer period of time and archive older editions for student use.
- Be aware of price when making textbook selections.
- Consider less expensive alternatives that take advantage of 21st century technology (e.g., electronic textbooks, open education resources, print on demand, electronic readers, online collections of educational content, and other “no frills” options and formats).
- Use the same textbook for multiple courses when possible.

Provide information on textbook costs to students and parents earlier in the process.

- Send price information on textbooks before the term starts.
- Following the lead of Nevada State College, Portland State University, and Georgia Institute of Technology, post all syllabi, textbook lists, and ISBNs online when students are registering for classes (this can also help reduce inefficient “course shopping” by students).
- When possible, make textbook lists available to local off-campus bookstores, fostering increased competition between bookstores and helping students get the best price.

Increase the availability of free library resources or textbook rental programs.

- Create textbook reserve programs and lending libraries, which allow students to borrow course materials for free.
- Increase faculty use of E-reserves and other low-cost alternatives.
- Increase donations of textbooks to libraries.

As part of a comprehensive study of state financial aid programs, explore the feasibility of offering financial assistance for textbooks, which could be in the form of state tax credits or emergency vouchers.

APPENDIX G: LETTER FROM THE COALITION OF SENATE AND FACULTY LEADERSHIP

TO: Steven L. Beshear, Governor, State of Kentucky
Mira Ball, Co-chair Higher Education Work Group
Pete Mahurin, Co-chair Higher Education Work Group
Jonathan Miller, Secretary, Chair Affordability Subcommittee
Larry Hayes, Secretary, Chair Strategic Planning Subcommittee

FROM: Coalition of Senate and Faculty Leadership for Higher Education (COSFL)

RE: Governor Steve Beshear's Higher Education Work Group

DATE: December 12, 2008

COSFL supports fully the priorities of the Affordability Subcommittee of the Higher Education Work Group, including:

1. fundamentally rethinking Kentucky's financial aid programs.
2. enhancing state level coordination of student financial aid policy development and administration.
3. conducting a comprehensive review of time and credit to degree.
4. expanding partnerships with the business community to improve college access.
5. improving opportunities for adult learners.
6. establishing an intensive public/private outreach effort to enable more Kentuckians to access existing higher education financial aid dollars, with a focus on low- and moderate-income students and military veterans.
7. improving the transparency and predictability of non-tuition related costs of higher education.
8. exploring cost containment strategies for both students and institutions.

COSFL, in addition to the above broad principles, supports the following:

1. a strengthened working relationship between the CPE and institutions.
2. a formula that allows the colleges to budget consistently over a five-year period.
3. the development of policies and methods statewide to facilitate transfers between institutions, particularly for those students advancing to four-year institutions from the community colleges.
4. enhanced methods of streamlining access to higher education for adult learners and nontraditional students.
5. improved communication to parents, incoming freshmen, and transfers on how to fill out financial aid forms.
6. funding for currently unfunded mandates such as "Double the Numbers."

Further, COSFL members, both collectively and individually, pledge to do all they can to assist the Higher Education Work Group in fulfilling its mission. We ask the Work Group to call on us as an organization or separately as individuals to do whatever you need us to do. We also pledge to inform our campuses of the work of the Work Group and to give feedback from the faculty perspective.

Signed,

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GLOSSARY

Advisory Conference of Presidents - A body established by Kentucky statute to advance the concerns of higher education leadership. Membership includes all of the presidents of Kentucky's public universities, the president of KCTCS, and the president of AIKCU.

AIKCU - Association of Independent Kentucky Colleges and Universities, which serves as the collective voice of independent (private) colleges and universities in Kentucky. AIKCU represents its member institutions in public policy issues related to higher education at the state and federal levels, raises funds for student scholarships, and facilitates information sharing and collaboration among higher education institutions in Kentucky.

Bundling - A marketing strategy that involves offering several products for sale as one combined product. In the case of college textbooks, supplemental materials like workbooks and CD-ROMs are shrink-wrapped with the textbook, thereby raising the price.

CAP - The College Access Program, administered by KHEAA and funded by Kentucky Lottery proceeds, awards grants that help financially needy undergraduate students attend eligible public and private colleges and universities, proprietary schools, and technical colleges. CAP grants are awarded to Kentucky residents enrolled for at least six semester hours (half-time) in academic programs that take at least two years to complete.

CLEP - College Level Examination Program, administered by the College Board, gives students the opportunity to receive college credit by earning qualifying scores on any of 34 examinations.

Comprehensive universities - Also called regional universities, these include the following public institutions: Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Northern Kentucky University, and Western Kentucky University.

COSFL - Coalition of Senate and Faculty Leadership, a statewide forum representing the eight public institutions of higher education in Kentucky and KCTCS. It was formed July 13, 1979, as a collective advocacy body of public higher education faculties and meets monthly.

CPE - The Council on Postsecondary Education, the state coordinating board for postsecondary and adult education in Kentucky, is a 16-member board appointed by the Governor and assisted by agency staff.

Double the Numbers - A plan developed by the CPE to double the number of bachelor's degree holders in Kentucky from about 400,000 in 2000 to nearly 800,000 in 2020.

FAFSA - Free Application for Federal Student Aid, the form prospective and enrolled college students submit every year to determine eligibility for federal student financial aid (including Pell grants, Stafford loans, PLUS loans, and work-study programs).

GED - The GED exam, administered by the General Educational Development Testing Service, offers students who drop out of high school an opportunity to earn a credential equivalent to the high school diploma.

ISBN - International Standard Book Number, a code used to uniquely identify a book that encodes the book's publisher and includes information about its language of authorship.

KCTCS - Kentucky Community and Technical College System, created in 1997 by the *Kentucky Postsecondary Education Improvement Act*, which comprises 16 community and technical colleges on 67 campuses across the state. KCTCS is governed by a 14-member Board of Regents, assisted by system office staff.

KEES - Kentucky Educational Excellence Scholarship, administered by KHEAA and funded by Kentucky Lottery proceeds, which is awarded to high school students who have earned at least a 2.5 grade point average in high school and attend in-state colleges and universities. The actual amount of the award is based on a combination of the student's grade point average and score on the ACT. The scholarship is renewable for four years, provided the student maintains his or her eligibility.

Kentucky Postsecondary Education Improvement Act of 1997 - Also referred to as "House Bill 1," the Act reformed postsecondary education in Kentucky by creating the KCTCS and establishing six goals to be achieved by the year 2020. The goals include a charge to the University of Kentucky to become a top 20 public research university and to the University of Louisville to become a premier metropolitan research university.

KHEAA - Kentucky Higher Education Assistance Authority, a public corporation and governmental agency of the Commonwealth established in 1966 to improve students' access to higher education. To that end, KHEAA administers several financial aid programs and disseminates information about higher education opportunities.

KHESLC - Kentucky Higher Education Student Loan Corporation, also called The Student Loan People, created in 1978 as an independent, municipal corporation to make, finance, service, and collect educational loans. Its mission is to provide low-cost student loans, and it transfers millions of dollars to KHEAA each year to help fund student aid programs.

KTG - The Kentucky Tuition Grant program provides need-based grants to qualified Kentucky residents to attend the Commonwealth's independent (private) colleges. Eligible institutions must be accredited by a regional accrediting association as listed in Kentucky statute KRS 164.740(17) and not be comprised solely of religious instruction.

OpenDoor Web site - A Web site (<http://opendoor.ky.gov>) that allows Kentuckians the opportunity to find out how their tax dollars are being applied to move the Commonwealth forward. The Web site grew out of a bipartisan, multi-agency effort led by Governor Steve Beshear to provide a more transparent, accountable state government.

Pell grant - The federal Pell grant program provides need-based grants to low-income undergraduate and certain post-baccalaureate students to promote access to postsecondary education. Grant amounts depend on the student's expected family contribution (EFC); the cost of attendance (as determined by the institution); the student's enrollment status (full-time or part-time); and whether the student attends for a full academic year or less.

Post-9/11 Veterans Educational Assistance Act of 2008 - Title V of the *Supplemental Appropriations Act of 2008*, an Act of Congress which became law on June 30, 2008. Beginning in August 2009, the Act will expand the educational benefits for military veterans who have served since September 11, 2001. At various times the new education benefits have been referred to as the Post-9/11 GI Bill, the 21st Century G.I. Bill of Rights, or the Webb G.I. Bill, with many current references calling it simply the new G.I. Bill.



Council on Postsecondary Education
January 16, 2009

2009-10 Tuition Setting Process Update

At its November 7 meeting, the Council approved changes to its Tuition and Mandatory Fee Policy and adopted a new process for setting 2009-10 tuition and fee rates. A principal aim of the new process is to expand the amount of time for exchanging and discussing information relevant to the tuition decision.

At that same meeting, the staff provided Council members with institutional reports describing the impact of budget cuts on campus operations and with a presentation concerning the general status of college affordability in Kentucky. The purpose of these documents was to provide some context for initiating discussion of 2009-10 tuition and fee rates. These will be important documents to reference as the Council moves forward with its decision-making process.

Since the November meeting, the Council staff and institutional representatives have completed the first of two rounds of staff-to-staff meetings and have begun gathering information on key tuition objectives. Interim President Crofts, CPE Finance unit staff, and institutional presidents and CBOs participated in the staff-to-staff meetings.

The purpose of the meetings was to discuss the timing for final approval of 2009-10 tuition and fee rates, to identify processes and information campus officials use to develop tuition recommendations for their boards, and to review and discuss preliminary data compiled by CPE staff, including information on funding adequacy, affordability, access, financial aid, and productivity. From these initial meetings, there has been a general sentiment that increases in tuition rates in 2009-10 will likely need to be much smaller than they have been in recent years.

As a follow-up to these meetings, campus officials were asked to provide information about trends in fixed costs over the past decade (years reviewed may differ across the institutions due to changes in accounting systems and the way institutions budget costs) to compare to growth of total public funds. Also provided is an update on institutional progress toward attainment of House Bill 1 goals, "Double the Numbers" goals, or goals related to other campus-specific strategic initiatives.

For your review and discussion, Council staff, in collaboration with institutional staff, has put together a series of observations from data related to key tuition policy objectives from both a statewide and institutional perspective. Again, this information is important context for ultimately making decisions on tuition and fee rates for 2009-10 at the Council's March 2009, meeting.

Staff preparation by John Hayek, Bill Payne, Jonathan Thompson, and Tammie Clements

2009-10 Tuition Setting Process Observations from Policy Relevant Data Kentucky Public Postsecondary Education System

Affordability

- Despite significant increases in both enrollment and financial aid over the past decade, for low and moderate income students, college has become less affordable during this time.
- In terms of tuition, Kentucky has moved from a low tuition state prior to reform to an average tuition state in the public four-year sector and significantly above average in the two-year sector.
- When tuition in Kentucky is compared to median family income, without considering financial aid, UK ranks 11th highest in nation, comprehensive and other state universities eighth highest (including UofL), and KCTCS fourth highest.
- Over the past 10 years, tuition at Kentucky's public four-year universities grew by about 10 percent per year, while tuition at KCTCS grew at 12 percent per year, both of which far outpaced inflation and family income.
- A significant mitigating factor on college affordability is state financial aid, and Kentucky has seen a dramatic increase in aid since reform and is now ranked third highest in the nation for state financial aid per student.
- It is important to note that for full-time students at Kentucky's public institutions, tuition only accounts for 20 to 40 percent of the total cost of attendance. Increases in nontuition costs, such as the price of textbooks, room and board, and healthcare also place pressure on college affordability, especially for low-to-moderate income students, and for many part-time, adult learners.
- Approximately two-thirds of all Kentucky four-year college graduates borrow for college, with an average total debt of \$17,000 versus the national average of \$19,200. The average amount of federal loans per year for Kentucky undergraduates was \$4,800 in 2008, a 50 percent increase over the amount used in 2006.
- For public four-year universities, net price as a percent of MFI has increased from 19 percent in 2000 to 28 percent in 2008. For public two-year colleges, net price as a percent of MFI has increased from 19 to 21 percent from 2000 to 2008.
- At KCTCS, the share of income that the poorest families need to pay for tuition has increased from 14 percent in 2000 to 31 percent in 2008. Top states in previous years report 7 percent in this indicator.
- Approximately two-thirds of public four-year students complete FASFA versus almost half for KCTCS.

Access

- Total undergraduate enrollment growth was robust during the first years of reform (5.7 percent annual increase), but it has slowed recently (2.2 percent annual increase). Enrollment growth slowed the most among full-time, in-state, undergraduate students, from an increase of 14 percent early in reform to -1 percent more recently.
- In terms of the number of credit hours taken by undergraduates, from 2000 to 2003, total FTE credit hours grew by about 5 percent on average, but slowed to .4 percent from 2004 to 2007.
- Even with projected increases in persistence rates, Kentucky will still need about a 3.5 percent compounded growth rate in undergraduate enrollment over the next 12 years to achieve its 2020 goals.
- In terms of college preparedness, Kentucky's average ACT score of 20.9 is just slightly under the national average of 21.1, although the number of high school students with high ACT scores (26 or above) per 1,000 high school graduates is significantly below the national average.
- The college going rate of high school graduates directly from high school is 61 percent, which is about the national average, but substantially below the 76 percent of top performing states.

Degree Productivity

- Kentucky's first year to second year persistence rate at public four-year universities is 83 percent which is comparable to 85 percent at SREB states, and 67 percent at KCTCS versus 65 percent at SREB (2007-08).
- Kentucky's six-year graduation rate is about 47 percent versus 52 percent at SREB states and the national average of 56 percent for four-year institutions. The three-year progression rate of full-time students at KCTCS is 41 percent versus 47 percent at SREB states.
- On average, bachelor's degree production by Kentucky public universities has increased by about 3.8 percent per year over the past five years, but slowed to 2 percent growth over the past two years.
- On a public funds basis, most Kentucky comprehensive universities are equally or better funded than similar SREB institutions but produce less bachelor's degrees per 100 undergraduate FTE.

- According to data from NCHEMS, Kentucky undergraduate degrees per 100 FTE for KCTCS equals 12.3 versus 22.4 for top performing states and 16.9 for public four-year versus 24.7 for top states.
- Approximately 18 percent of Kentucky ninth graders who graduate from high school go directly to college, return for their second year, and graduate within 150 percent of program time versus the national average of 20 percent (30 percent top performing states).

Funding Adequacy

- After adjusting for inflation, the public postsecondary education system's total public funds (net state appropriations plus gross tuition revenue) per FTE grew by approximately \$2,000, from \$12,574 in FY98 to \$14,565 in FY09. The general fund portion has declined from \$8,388 to \$6,991 per FTE or -16.7 percent, while the tuition and fee revenue portion has increased from \$4,185 to \$7,574 per FTE or 81.0 percent. It is important to note that the tuition revenue per FTE does not take into consideration significant discounts for financial aid and the general fund per FTE does not include interest income from "Bucks for Brains" investments which is also used for educational purposes.
- However, the state share of total public funds has fallen from 67 percent in FY98 to 48 percent in FY09. Again, it is important to note that this does not include significant appropriations for state financial aid, debt service on new capital projects, and interest income from substantial growth in "Bucks for Brains" investments since reform.
- Kentucky's educational appropriation per FTE of \$7,662 ranks 12th in the nation (third in SREB behind Georgia and North Carolina). The national average of educational appropriations per FTE is \$6,773 (2007).
- According to SREB, Kentucky funds for educational and general operations per FTE is ranked fifth out of 16 at SREB states for public four-year universities and third for public two-year colleges (2007).

Progress toward Strategic Goals

- Per HB 1 (1997) and SB 1 (2000), over the past decade, CPE has initiated a series of nationally recognized strategic planning initiatives to help move Kentucky toward a seamless and integrated postsecondary education system. These include the Public Agenda (2005-10) and the key indicators of progress, Kentucky's Double the Numbers Plan (2007-2020), the Facility Condition Assessment and Space Study Project (2007-2020), the Developmental Task Force Report (2007), the Developmental Education and STEM Task Force Reports (2007), annual feedback reports to high school and community colleges, among others. These initiatives, as well as coordinated efforts with institutions on goal setting and alignment of strategic plans, help provide policy focus and attention on progress made to date, as well as improvements needed to achieve reform goals by 2020.
- Kentucky's high school graduate college-going rate increased from 55 percent in 1998 to 61 percent in 2006.
- Between 1998 and 2007, undergraduate enrollment in Kentucky's public and independent postsecondary institutions increased from 161,000 to 213,000 students, or by 32 percent.
- During that same period, the annual number of bachelor's degrees produced by Kentucky's public and independent postsecondary institutions grew from 14,600 to 18,600, an increase of 4,000 degrees. The annual number of associate degrees produced by the State's two-year college system grew by 2,700 degrees, from 5,100 to 7,800.
- Total R&D expenditures generated by university faculty increased from \$145 million in 1998 to \$363 million in 2007, a 150 percent increase.

Kentucky Postsecondary Education Progress toward Strategic Goals

	1998	Current	Change	2020 (Target)
G.E.D. Diplomas Awarded (2008)	11,128	10,307	-7.5%	15,000
G.E.D. College Going Rate (2008)	19% (in 2004)	21%	2.0%	36%
H.S. Graduates (2006)	40,800	42,200	3.5%	48,000
H.S. College Going Rate (2006)	55%	61%	6.0%	74%
Undergraduate Enrollment (2007)	161,000	213,000	32.3%	323,000
Transfers (2007)	4,100	4,500	9.8%	11,300
FTFT Freshman Retention (2007)	71.4%	74.4%	3.0%	Nat'l Avg.
Six-Year Graduation Rates (2006)	37%	47%	10%	56%
Associate Degrees (2007)	5,100	7,800	52.9%	8,400
Bachelor's Degrees (2007)	14,600	18,600	27.4%	34,000
Graduate & Prof. Degrees (2007)	5,318	6,966	31.0%	Nat'l Avg.
R&D Investments (2007)	\$145 million	\$363 million	150.3%	\$1 billion
Educational Attainment (2007)	17.1% (in 2000) (70% of U.S. Avg.)	20.0% (73% of U.S. Avg.)	2.9%	Nat'l Avg.
Per Capita Income (2007)	\$22,000 (82% of U.S. Avg.)	\$30,800 (80% of U.S. Avg.)	40.0%	Nat'l Avg.
Quality of Life Index Rank (2006)	40	43	7.5%	Nat'l Avg.

Sources: CPE Comprehensive Database, KY DOE, HigherEdInfo.org, US Census, BEA, & LTPRC

2009-10 Tuition Setting Process Observations from Policy Relevant Data Eastern Kentucky University

Affordability

- In 2008-09, annual resident undergraduate tuition and mandatory fees at EKU totaled \$6,080, representing the third highest amount charged among Kentucky's comprehensive universities. Between 1998-99 and 2008-09, the university's tuition and fees grew at an average annual rate of 10.8 percent.
- In 2005-06, the median net price of attendance at EKU among full-time, resident undergraduates who completed and filed a FAFSA was \$4,871, representing the third lowest net price among the comprehensive universities. That same year, the median family income of students who completed a FAFSA was \$37,800, the third lowest median income of FAFSA filers among the comprehensives.
- Compared to similar master's degree-granting, public four-year universities in SREB states, EKU's tuition and fees and its tuition and fees as a percent of state median family income both ranked in the upper quartile in 2007-08.
- EKU's support for institutional financial aid has increased from \$3.6 million annually in fiscal year 1997-98 to \$20.7 million in fiscal year 2008-09, or an increase of \$17.1 million. This includes a significant commitment to need-based financial aid and has served as a significant offset for tuition increases over the past several years.

Access

- During fall semester 2007, total full-time equivalent enrollment at EKU was 12,918 or second highest among the comprehensive universities. The university's FTE enrollment increased by 456 students or 3.7 percent between fall semesters 1998 and 2007, representing the fourth highest nominal increase and the lowest percentage increase among the comprehensive universities.
- EKU has established a transfer center to assist and accommodate students transferring primarily from the KCTCS system, but also from other four year institutions. This includes having EKU staff physically located at certain community colleges to assist in this effort. Since 2002, the number of EKU's new transfer students has increased by 25%, with the majority of that increase coinciding with the opening of the transfer center. For the current academic year EKU enrollment includes approximately 1,200 students who have transferred from other institutions.

Productivity

- In 2007, EKU's full-time retention rate was 63 percent and ranked second lowest among Kentucky's comprehensive universities. The university's retention rate declined by 2 percentage points between 2003 and 2007.
- During academic year 2006-07, EKU's six-year bachelor's degree graduation rate was 39.0 percent, the fourth highest graduation rate among the comprehensives that year. Between 1997 and 2007, the university's graduation rate increased by 12 percentage points.
- EKU awarded 1,979 bachelor's degrees during academic year 2006-07, the second highest number of undergraduate degrees produced among the comprehensive universities that year. Between 1998 and 2007, the number of bachelor's degrees awarded at EKU increased by 262 awards or 15 percent.

- In 2007, EKU's full-time retention rate ranked in the bottom quartile among a comparison group of similar master's degree-granting, public four-year universities in SREB states. In 2006-07, its bachelor's degree production per 100 undergraduate FTE ranked at the 25th percentile.

Funding Adequacy

- In 2007-08, EKU's level of total public funds per full-time equivalent student was \$13,665 and ranked third among Kentucky's public comprehensive universities. That same year, the university's net General Fund appropriation per FTE was \$5,989 and was ranked fourth.
- In 2008-09, EKU's gross tuition revenue as a percent of total public funds was 56.0 percent, fourth highest among the comprehensive universities.
- Between fiscal years 1998 and 2009, EKU's Total Public Funds per FTE are expected to grow from \$9,895 to \$13,885, or an average annual increase of 3.1 percent when adjusted for inflation. The general fund portion decreased from \$6,183 to \$5,708 (a 7.7 percent decline), while the tuition and fee revenue portion is expected to increase from \$3,712 to \$8,177 (a 120.3 percent gain).
- Compared to similar master's degree-granting, public four-year universities in SREB states, EKU's total public funds per FTE and its state appropriations per FTE ranked in the upper-middle quartile in 2006-07. That same year, the university's student share of total public funds also ranked in the upper middle quartile.

Fixed Costs

- Fixed and unavoidable costs for EKU increased from \$7.5 million in fiscal year 1997-98 to more than \$18 million in fiscal year 2008-09. These costs include energy costs, facilities maintenance, and other costs associated with "keeping the doors open," as well as, costs associated with maintaining employee benefits such as health insurance.
- See the attached fixed costs template for details.

Progress toward Strategic Goals

- EKU has made a significant effort in the area of regional stewardship. This has come in the form of substantial growth in public service initiatives, including external grants and contracts related to homeland security, project collaboration with other public and private colleges and universities, continued enhancement and expansion of extended campuses, and development of educational extension agents throughout the counties in EKU's service region.
- See the attached *A Decade of Progress* for details.

Incremental Increases in E&G Costs for FY 2001-02 to 2008-09 Eastern Kentucky University									
	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Years 2008-09	Cumulative Total
Current E&G Fixed Costs									
(A) Maintenance and Operations(1)	(2,162,749)	2,875,728	1,021,984	5,184,050	1,453,101	113,141	(1,455,909)	57,212	7,086,558
(B) Personnel Costs (2)	1,485,989	3,233,575	2,278,767	2,894,319	2,290,225	4,886,176	7,130,529	6,244,116	30,443,696
(C) Employee Benefits (3)	571,664	1,466,955	(471,318)	1,217,855	1,495,007	3,329,085	337,882	537,872	8,485,002
Mandated Tuition Waivers	730,086	459,553	302,303	297,811	285,202	449,178	185,438	184,126	2,893,697
TOTAL Fixed Costs	624,990	8,035,811	3,131,736	9,594,035	5,523,535	8,777,580	6,197,940	7,023,326	48,908,953
Other E&G Costs (Not Fixed)									
Total Institutional Financial Aid (4)									
Merit	4,272,041	532,608	692,857	777,128	1,973,119	740,478	1,997,765	(668,231)	10,317,765
Need-based	105,860	108,633	33,730	129,412	113,712	308,912	1,172,594	163,440	2,136,293
Athletic	1,875,180	44,010	182,425	571,112	2,315,593	1,126,378	(1,318,516)	517,376	5,313,558
(D)Personnel Costs (5)	1,747,586	(954,808)	615,552	(604,094)	2,595,951	2,244,353	(886,413)	(5,182,712)	(424,585)
TOTAL Other E&G Costs	8,000,667	(269,557)	1,524,564	873,558	6,998,375	4,420,121	965,430	(5,170,127)	17,343,031
<p>(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.</p> <p>(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels</p> <p>(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes</p> <p>(4) Additional aid provided to balance coverage due to tuition increases</p> <p>(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments</p> <p>FOOTNOTES:</p> <p>(A)This is not TOTAL M&O only the pieces relevant to utilites and deferred maintenance.</p> <p>(B)This number represents the base salary lines for exisiting employees.</p> <p>(C)This number represents the benefits associated with the number from item (B).</p> <p>(D) This number represents the amount of the salary increase and associated benefits plus any new personnel lines.</p>									



A Decade of Progress

	1999	2003	2008
Mean ACT for new freshmen	19.8	20.4	21.1
Freshman retention rate	63%	64%	63%
Six-year graduation rate	28%	34%	38%
Undergraduate enrollment	13,270	13,567	13,762
Minority undergraduate enrollment	767	916	1,037
Graduate enrollment	1,918	2,384	2,186
Minority graduate enrollment	63	88	173
Bachelors degrees awarded	1,663	1,678	2,030
Minority bachelors degrees awarded	68	78	94
Masters degrees awarded	426	455	613
Minority masters degrees awarded	21	11	29
Research & public service expenditures	\$ 22,496,642	\$ 38,125,138	\$ 63,102,629

SIGNIFICANT ACCOMPLISHMENTS

- ❖ Achieved Capital Campaign goal of \$25M more than one year ahead of schedule
- ❖ Earned recognition as a Carnegie Community Engagement institution
- ❖ Developed first one-stop Transfer Center among Kentucky comprehensives
- ❖ Began first doctoral program (in Rural Educational Leadership) in Fall 2008
- ❖ Quality Enhancement Program to develop critical/creative thinkers lauded by SACS
- ❖ Developed Educational Extension Agent network to bring educational opportunity to our region
- ❖ Occupational Therapy graduate program ranked in top 25 in nation according to U.S. News

2009-10 Tuition Setting Process Observations from Policy Relevant Data Kentucky State University

Affordability

- In 2008-09, annual resident undergraduate tuition and mandatory fees at KSU totaled \$5,692, representing the second lowest rate among Kentucky's comprehensive universities. Between 1998-99 and 2008-09, the average annual rate of change in the university's resident undergraduate tuition and fees was 10.1 percent.
- In 2005-06, the median net price of attendance at KSU among full-time, resident undergraduates who completed and filed a FAFSA was \$4,310, representing the second lowest net price among the comprehensive universities.
- Compared to similar historically black, public four-year universities around the nation, KSU's tuition and fees ranked in the upper-middle quartile in 2007-08, and its tuition and fees as a percent of state median family income ranked in the upper quartile.

Access

- During fall semester 2007, full-time equivalent enrollment at KSU was 2,209 and ranked lowest among the comprehensive universities. The university's FTE enrollment increased by 296 students or 15.5 percent between fall semesters 1998 and 2007.

Productivity

- In 2007, KSU's full-time retention rate was 47 percent and ranked lowest among Kentucky's comprehensive universities. The university's retention rate decreased by 16 percentage points between 2003 and 2007.
- During academic year 2006-07, KSU's six-year graduation rate was 25 percent and ranked lowest among the comprehensive universities. Between 2004 and 2007, the university's graduation rate decreased by 8 percentage points.
- In 2007, KSU's full-time retention rate, six-year bachelor's degree graduation rate, and its bachelor's degree production per 100 undergraduate FTE ranked in the bottom quartile among a comparison group of similar historically black, public four-year universities around the nation.

Funding Adequacy

- In 2007-08, the amount of KSU's total public funds per full-time equivalent student was \$19,626, the highest level of per student funding among Kentucky's comprehensive universities (this figure drops to \$17,125 when mandated, non-instructional programs are excluded). That same year, the university's net General Fund appropriation per FTE of \$12,050 also ranked highest among the comprehensive universities (\$9,529 excluding mandated programs).
- Between fiscal years 1998 and 2009, KSU's Total Public Funds per FTE are expected to grow from \$16,717 to \$19,055, or an average annual increase of 1.2 percent when adjusted for inflation. This represents the lowest level of per student public funds growth among Kentucky's comprehensive universities. The general fund portion of public funds decreased from \$12,455 to \$11,542 (a 7.3 percent decline), while the tuition and fee revenue portion is expected to increase from \$4,261 to \$7,513 (a 76.3 percent gain).

- Compared to similar historically black, public four-year universities around the nation, in 2006-07 KSU's total public funds per FTE and its state appropriations per FTE ranked in the upper quartile. That same year, the university's student share of total public funds ranked in the bottom quartile relative to the comparison group.

Fixed Costs

- Maintenance and Operations—KSU has managed cost increases to create minimal 10-year impact on state funds among comprehensive universities. Maintenance and operations funding addresses increased energy costs, increased utility costs, property insurance and maintenance of E&G facilities. Fixed costs for maintenance and operations over the last 10 years have increased only \$673,900 which has created major delays in scheduled maintenance of building roofs.
- Personnel Costs—KSU has increased its personnel costs by \$7,868,100 over the last 10 years primarily due to maintaining competitive salaries for quality faculty and additions to faculty as new programs have been implemented. Increases in contribution for FICA and retirement are included in the 10-year change. In 2005, KSU implemented a 3-year plan to bring employee salaries to market after years of neglect and loss of quality faculty and staff.
- Employee Benefits—over the past 10 years, KSU has experienced increases in employee benefits for health insurance, workers comp and unemployment insurance of \$1,393,000. These increases are unavoidable resulting from market conditions.
- Mandated Tuition Waivers—KSU has incurred \$318,400 as a result of implemented mandated tuition waivers. These programs continue to serve the Kentuckians creating educational opportunity and degree achievement for those who might not otherwise complete their education.
- Financial Aid—KSU has increased the total institutional aid awarded to students over the last 10 years. Institutional aid has increased by \$1,650,700. Over 80% of KSU students qualify for some form of financial-aid support. More than half of this 10-year increase, \$896,000, has been allocated to need--based aid programs to insure that the neediest students can attend college. KSU students have significant needs and the majority is Pell eligible who do not have family contributions to help them fund the total cost of their education. KSU has developed innovative work-programs and community service programs for students to help them meet this need.
- See the attached fixed costs template for details.

Progress toward Strategic Goals

- Over the last several years, Kentucky State University has made steady progress in growing its student population, providing more course and degree offerings, analyzing and improving where necessary its quality of service to students, faculty, and staff. During this time, the University has also become a more effective contributor to the Frankfort/Franklin County community.
- KSU's fall enrollment has increased by 151% from 2003 to 2007 (1,155 to 2,897). This has and is being driven by an intensive effort to increase the freshman class which has resulted in a 211% increase in freshmen enrollment over the same period.

- A large percentage of students at KSU require developmental education courses. The university has addressed this in two ways. It has reallocated money from recurring operations each of the last three academic years to bring new incoming freshmen to the campus in the summer prior to their fall semester to get the developmental course(s) completed. Additional preparatory work is done with the students to prepare them for college life. The program's effectiveness is seen in the first year retention rate of these students of over 95%. This program titled "Summer Academic Bridge Program" has grown in cost to approximately \$500,000 and in numbers to approximately 120 students.
- The university is currently engaged in the preparation for reaccreditation by the Southern Association of Colleges and Schools (SACS). The reaccreditation process begins with a self analysis of all university operations against standards set by SACS and the required development of a Quality Enhancement Program (QEP) designed to enhance student learning. The QEP requirements began in FY2009 will address the developmental education needs of students and prepare them for success with college-level coursework. It will work in tandem with the Summer Academic Bridge Program. The QEP expands and enhances student advising, creates learning communities for QEP cohorts, provides academic support services and tracks student performance in developmental courses. In summer, 2009, KSU is planning to enrolled 120 new freshmen students in the QEP and plans progressively to include each of an estimated 575 new freshmen that may need remediation.
- KSU provides approximately \$3.4 million in scholarship and need based support for its students. These monies are critical to our students of which over 80% qualify for some form of financial-aid support.
- An important fact to note as it relates to Kentucky State University is its status as an 1890 Land Grant institution. The mandated Land Grant match required by the federal government is not available to educate the student population. This General Fund supported state match money totals approximately \$5.5 million (approximately 20% of the KSU General Fund appropriation) effectively becomes "restricted" money, bound by the guidelines of the federal program.
- See the attached *A Decade of Results* for details.

Incremental Increases in E&G Costs for FY 1997-98 to 2008-09 Kentucky State University													
	Years 1997-98	Years 1998-99	Years 1999-00	Years 2000-01	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Years 2008-09	Cumulative Total
Current E&G Fixed Costs													
Maintenance and Operations(1)	197,591	279,972	22,914	427,207	-329,925	-630,355	333,494	282,436	1,181,066	-1,864,200	1,390,815	-617,153	673,862
Personnel Costs (2)	130,901	383,456	1,364,121	828,414	1,986,769	-851,536	1,173,603	-1,983,878	570,031	2,881,836	144,706	1,239,704	7,868,127
Employee Benefits (3)	53,825	153,915	117,269	132,424	-59,573	35,812	208,547	56,940	71,100	-45,859	620,163	48,421	1,392,984
Mandated Tuition Waivers	12,348	8,871	-8,375	4,536	19,546	10,944	20,732	-6,258	44,110	40,589	161,228	10,090	318,361
TOTAL Fixed Costs	394,665	826,214	1,495,929	1,392,581	1,616,817	-1,435,135	1,736,376	-1,650,760	1,866,307	1,012,366	2,316,912	681,062	10,253,334
Other E&G Costs (Not Fixed)													
Total Institutional Financial Aid (4)													
Merit	26,677	260,023	162,720	-72,062	-95,423	102,340	-101,512	-298,415	-223,475	290,663	399,236	-297,009	153,763
Need-based	10,463	36,930	49,997	-11,247	241,163	742,556	333,763	-444,278	401,326	-332,286	-108,315	-24,033	896,039
Athletic	19,057	28,273	84,172	-104,627	110,462	213,039	60,353	-61,551	25,777	145,107	-38,765	119,604	600,901
Personnel Costs (5)													
TOTAL Other E&G Costs	56,197	325,226	296,889	-187,936	256,202	1,057,935	292,604	-804,244	203,628	103,484	252,156	-201,438	1,650,703
<p>(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.</p> <p>(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels</p> <p>(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes</p> <p>(4) Additional aid provided to balance coverage due to tuition increases</p> <p>(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments</p>													

KSU - A Decade of Results

	1998	2002	2008
Average ACT score for all entering freshmen	18.1	16.8	17.3
Freshmen retention rate	61.2	62.7	48.8
6-year graduation rate	17.7	31	24.6
Undergraduate degrees awarded			
Associates	92	74	37
Bachelors	226	219	231
Total	318	293	268
Number of students living on campus	776	728	919
Endowed chairs and professorships	0	1	4
Endowment	\$1.1 M	\$2.6 M	\$8.4 M
Research expenditures	\$3.0 M	\$5.9 M	\$4.7 M

2009-10 Tuition Setting Process Observations from Policy Relevant Data Morehead State University

Affordability

- In 2008-09, MoSU's annual resident undergraduate tuition and mandatory fees were \$5,670, representing the lowest amount charged among Kentucky's comprehensive universities.
- Over the past decade, resident undergraduate tuition and fees at MoSU grew at an average annual rate of 9.6 percent, the lowest rate of increase among the comprehensive universities.
- In 2005-06, the median net price of attendance among MoSU full-time, resident undergraduates who completed and filed a FAFSA was \$3,399, the lowest net price among the comprehensive universities.
- That same year, the median family income of MoSU students who completed a FAFSA was \$31,300, the lowest median income of FAFSA filers among Kentucky's comprehensive universities.
- Compared to similar master's degree-granting, public four-year universities in SREB states, MoSU's tuition and required fees ranked in the upper-middle quartile in 2007-08. That same year, the university's tuition and fees as a percent of state median family income ranked in the upper quartile of the comparison group.

Access

- During fall semester 2007, full-time equivalent enrollment at MoSU was 6,983, or second lowest among the comprehensive universities. Between fall semesters 1998 and 2007, the university's FTE enrollment grew by .5 percent per year, the second lowest rate of increase among the comprehensive universities.
- MoSU operates five regional campuses throughout its service region, the most of any public regional university.

Productivity

- MoSU awarded 1,072 bachelor's degrees during academic year 2006-07, the second lowest number of undergraduate degrees produced among the comprehensive universities that year.
- Between 1998 and 2007, the number of bachelor's degrees awarded at MoSU increased by 118 awards or 12 percent. Both the nominal and percent increases were the second lowest level of growth in awards among the comprehensive universities for the period.
- In 2007, MoSU's full-time retention rate (71 percent) ranked in the upper-middle quartile among a comparison group of similar master's degree-granting, public four-year universities in SREB states.
- That same year, the university's six-year bachelor's degree graduation rate ranked just above the median, and its bachelor's degree production per 100 undergraduate FTE ranked at the 25th percentile.
- MoSU has experienced steady improvements in both average ACT score and fall-to-fall retention rates of its first-time freshman cohort groups for the past four years.

Funding Adequacy

- In 2007-08, MoSU's total public funds per full-time equivalent student was \$13,472, or fourth highest among Kentucky's comprehensive universities. That same year, the university's net General Fund appropriation per FTE was \$6,696 and ranked second highest among the comprehensive universities and its gross tuition revenue per FTE was \$6,776 and ranked lowest.
- In 2008-09, MoSU's gross tuition revenue as a percent of total public funds is expected to be 50.0 percent, second lowest among the comprehensive universities.

- Between fiscal years 1998 and 2009, MoSU's Total Public Funds per FTE are expected to grow from \$10,647 to \$13,827, or an average annual increase of 2.4 percent when adjusted for inflation. The general fund portion decreased from \$6,659 to \$6,391 (a 4.0 percent decline), while the tuition and fee revenue portion is expected to increase from \$3,988 to \$7,436 (a 86.5 percent gain).
- In 2006-07, MoSU's total public funds per FTE and its state appropriations per FTE ranked in the upper-middle quartile compared to a group of similar master's degree-granting, public four-year universities in SREB states.

Fixed Costs

- MoSU's fixed costs increased by \$13.3 million or 108% from 1998-99 through 2007-08 exceeding total increases in state operating appropriations which totaled \$10.1 million over the same time period.
- Of the \$13.3 million in increased fixed costs:
 - 60% were associated with maintaining existing personnel benefits such as FICA, retirement contributions and health insurance
 - 30% were associated with increases in maintenance and operating expenses such as energy costs, utilities, and property insurance
 - 10% of fixed cost increases were associated with mandated tuition waiver programs
- See the attached fixed costs template for details.

Progress toward Strategic Goals

- MoSU has made progress toward reform goals as measured by several key performance indicators including:
 - A 13.1 percent increase in undergraduate headcount enrollment
 - An increase in the average ACT score of entering freshman from 19.1 to 21.5
 - An increase in the fall-to-fall retention rate of its first-time-freshman from 64.4 percent to 66.1 percent
 - A 12.3 percent increase in the number of bachelor's degrees awarded annually
- MoSU has expanded its outreach and regional engagement programs and facilities to include:
 - Kentucky Folk Art Center
 - Kentucky Center for Traditional Music
 - MoSU Regional Enterprise Center
 - Expansion of Small Business Development Centers throughout the service region
 - Expansion of Morehead State Public Radio (MSPR) which provides 24 hour service to east Kentucky from a network of three FM transmitters
 - Numerous partnerships with K-12 schools to improve college readiness and increase the college-going rate within the service region
 - MoSU Center for Regional Engagement
- See the attached *Points of Pride and Progress* for details.

Incremental Increases in E&G Costs for FY 1999-00 to 2007/08 Morehead State University										
	Years 1999-00	Years 2000-01	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Cumulative Total
Current E&G Fixed Costs										
Maintenance and Operations(1)	(626,251)	216,922	185,567	1,057,039	1,357,931	(708,128)	662,107	293,263	1,417,514	3,855,964
Personnel Costs (2)	221,160	(110,993)	913,706	167,762	572,035	430,080	483,397	316,784	778,201	3,772,132
Employee Benefits (3)	50,367	648,346	979,153	313,995	386,408	(227,021)	1,577,089	(76,350)	660,870	4,312,857
Mandated Tuition Waivers	(21,079)	148,740	171,130	293,192	109,681	224,900	190,456	135,833	98,676	1,351,529
TOTAL Fixed Costs	(375,803)	903,015	2,249,556	1,831,988	2,426,055	(280,169)	2,913,049	669,530	2,955,261	13,292,482
Other E&G Costs (Not Fixed)										
Total Institutional Financial Aid (4)										
Merit & Need-based	(160,976)	(47,533)	41,549	71,298	(37,709)	(209,155)	619,802	1,454,232	1,195,395	2,926,903
Athletic	(21,959)	19,723	100,647	60,543	136,983	142,294	94,948	61,960	26,382	621,521
Tuition Waivers (non-mandated)	141,340	674,194	422,189	(1,502)	391,651	222,721	(10,784)	274,708	124,678	2,239,195
Personnel Costs (5)	1,521,592	(66,967)	3,364,066	2,017,293	2,680,626	1,591,690	2,038,601	1,173,852	3,529,477	17,850,230
TOTAL Other E&G Costs	1,479,997	579,417	3,928,451	2,147,632	3,171,551	1,747,550	2,742,567	2,964,752	4,875,932	23,637,849
<p>(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.</p> <p>(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels</p> <p>(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes</p> <p>(4) Additional aid provided to balance coverage due to tuition increases</p> <p>(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments</p>										



Points of Pride and Progress

First Decade of Reform 1998-2008

Key Performance Indicators	1998	2008
Undergraduate enrollment	6,735	7,619
Average freshman ACT	19.8	21.5
Freshman retention rate	64.4%	66.1%
Bachelor's degrees awarded	954	1,072

Since 1998, MSU...

- Has been recognized for the fifth consecutive year as one of the top public universities in the South by U.S. News & World Report*
- Earned recognition as a Carnegie Community Engagement institution*
- Established the state's first totally online degree program, the Master of Business Administration (MBA)*
- Expanded the number of academic programs earning national or regional accreditation by five including the College of Business, Respiratory Care, Radiologic Technology, Theatre, and Social Work*
- Developed nine online completer degrees designed to allow KCTCS graduates to earn bachelor's degree without leaving their hometown*
- Expanded the number of regional campus locations to five to increase access to a four-year degree program in Ashland, Jackson, Maysville, Mt. Sterling, Pikeville, Prestonsburg, and West Liberty*
- Established community outreach programs and facilities including the Kentucky Folk Art Center, Kentucky Center for Traditional Music and the MSU Regional Enterprise Center*

2009-10 Tuition Setting Process

Observations from Policy Relevant Data

Murray State University

Affordability

- In 2008-09, annual resident undergraduate tuition and mandatory fees at MuSU were \$5,748 and ranked fourth among Kentucky's comprehensive universities. Between 1998-99 and 2008-09, the university's tuition and fees grew at an average annual rate of 9.6 percent, or the second lowest rate of increase among the comprehensive universities.
- In 2005-06, the median net price of attendance at MuSU among full-time, resident undergraduates who completed and filed a FAFSA was \$5,937, or the third highest net price among the comprehensive universities. That same year, the median family income of students who completed a FAFSA was \$45,100, the third highest median income of FAFSA filers among the comprehensives.
- Compared to similar master's degree-granting, public four-year universities in SREB states, MuSU's tuition and fees ranked in the upper-middle quartile in 2007-08, and its tuition and fees as a percent of state median family income ranked in the upper quartile. MuSU continues to price its tuition very competitively and has managed to stay within the lowest quartile compared to its state and non-state competitor institutions. The average Murray state student is paying only about 61 % of the sticker price.

Access

- During fall semester 2007, total full-time equivalent enrollment at MuSU was 8,482 and ranked fourth among the comprehensive universities. The university's FTE enrollment increased by 829 students or 10.8 percent between fall semesters 1998 and 2007, representing the third largest nominal increase for the period.

Productivity

- In 2007, MuSU's full-time retention rate was 75 percent and ranked highest among Kentucky's comprehensive universities. The university's retention rate increased by 5 percentage points between 2003 and 2007.
- During academic year 2006-07, MuSU's six-year graduation rate was 51 percent. Between 1997 and 2007, the university's graduation rate grew by 12 percentage points, increasing from 39 percent to 51 percent.
- MuSU awarded 1,550 bachelor's degrees during academic year 2006-07, the third lowest number of undergraduate degrees produced among the comprehensive universities that year. Between 1998 and 2007, the number of bachelor's degrees awarded at MuSU increased by 486 awards or 46 percent. The nominal increase in awards ranked third highest among the comprehensive universities for the period, and the percent increase was the largest proportionate gain.
- In 2007, MuSU's full-time retention rate ranked at the 75th percentile among a comparison group of similar master's degree-granting, public four-year universities in SREB states. In 2006-07, the university's six-year bachelor's degree graduation rate ranked in the upper quartile.

Funding Adequacy

- In 2007-08, MuSU's amount of total public funds per full-time equivalent student was \$15,169 and ranked second highest among Kentucky's comprehensive universities. That same year, the university's net General Fund appropriation per FTE was \$6,412 and ranked third highest. Murray State began the reform era with a comparatively higher level of per student funding due to the effect of the previous formula method, which provided greater degrees of funding for more expensive courses such as science and engineering, and for graduate courses.

- When the benchmark funding model was implemented, MuSU was at a disadvantage relative to other institutions with lower \$/FTE.
- Between 2001-02 and 2006-07, Murray State received an average of .1% per annum of appropriations increases per FTE.
- In 2008-09, MuSU's gross tuition revenue as a percent of total public funds was 57.7 percent, third highest among the comprehensive universities.
- Murray State books out-of-state tuition at gross, whereas some institutions book their out-of-state tuition at net. This skews the total public funds comparison, since the measurement of revenue is not consistent.
- Between fiscal years 1998 and 2009, MuSU's Total Public Funds per FTE are expected to grow from \$11,570 to \$15,252, or an average annual increase of 2.5 percent when adjusted for inflation. The general fund portion decreased from \$7,263 to \$6,117 (a 15.8 percent decline), while the tuition and fee revenue portion is expected to increase from \$4,307 to \$9,135 (a 112.1 percent gain).
- Compared to similar master's degree-granting, public four-year universities in SREB states, in 2006-07, MuSU's total public funds per FTE and its gross tuition revenue per FTE ranked in the upper quartile. That same year, the university's state appropriations per FTE and its student share of total public funds ranked in the upper-middle quartile relative to the comparison group. MuSU scores very well on performance data indicating that it is exercising good stewardship of its financial resources.

Fixed Costs

- Utilities costs have increased over 35% in the past decade, and health insurance has gone up approximately 84%.
- Personnel costs have also risen over time both in terms of salary increases and an increase in the number of FTEs. These increases are necessary to handle the increased enrollments and services to students.
- Non-personnel fixed costs consisting mainly of health insurance, utilities, maintenance of facilities and property insurance are projected to increase by close to \$1 million in 2009-10.
- Given the troubled state of the economy, personnel costs are not expected to rise in 2009-10. There is concern that if the funding picture continues to weaken, attaining the 2020 goals may require a longer time horizon.
- See the attached fixed costs template for details.

Progress toward Strategic Goals

- Murray State's main objective in helping achieve the HB1 goals is its initiative to increase its enrollment to 12,000 students by 2012. A major reorganization in the Student Services area has been undertaken to further the accomplishment of this goal. As evidence of the impact of this initiative, applications for fall 2009 are up about 100% compared to last year at the same time.
- Significant progress in a number of areas has been accomplished over the past decade as indicated in the accompanying slide.
- See the attached *A Decade of Progress* for details.

Incremental Increases in E&G Costs for FY 1997-98 to 2008-09 Murray State University													
	Years 1997-98	Years 1998-99	Years 1999-00	Years 2000-01	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Years 2008-09	Cumulative Total
Current E&G Fixed Costs													
Maintenance and Operations(1)	751,600	540,600	189,100	(625,700)	685,900	115,300	(81,900)	2,093,500	(189,500)	(1,057,900)	745,500	277,200	3,443,700
Personnel Costs (2)	3,328,700	765,800	2,663,000	1,722,300	4,495,700	1,164,100	795,200	5,654,400	4,674,100	1,095,400	2,048,000	544,800	28,951,500
Employee Benefits (3)	(139,900)	(143,300)	218,800	484,400	325,700	196,000	(913,300)	469,500	1,626,100	891,100	665,600	796,000	4,476,700
Mandated Tuition Waivers	16,300	(14,900)	178,700	58,200	21,500	241,100	150,700	147,800	346,500	218,900	176,800	132,000	1,673,600
TOTAL Fixed Costs	3,956,700	1,148,200	3,249,600	1,639,200	5,528,800	1,716,500	(49,300)	8,365,200	6,457,200	1,147,500	3,635,900	1,750,000	38,545,500
Other E&G Costs (Not Fixed)													
Total Institutional Financial Aid (4)													
Merit	886,200	483,200	275,600	749,500	796,700	1,716,700	4,072,400	3,484,000	3,311,900	2,041,000	1,903,987	956,913	20,678,100
Need-based										138,500	211,500	150,000	500,000
Athletic	84,800	(61,500)	169,600	121,300	422,498	264,802	179,000	443,100	346,300	254,400	(279,326)	129,526	2,074,500
Personnel Costs (5)	766,700	635,800	186,600	878,600	(2,096,500)	9,200	229,600	595,300	(167,800)	399,000	(2,713,600)	(628,900)	-1,906,000
TOTAL Other E&G Costs	1,737,700	1,057,500	631,800	1,749,400	(877,302)	1,990,702	4,481,000	4,522,400	3,490,400	2,832,900	(877,439)	607,539	21,346,600
<p>(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.</p> <p>(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels</p> <p>(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes</p> <p>(4) Additional aid provided to balance coverage due to tuition increases</p> <p>(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments</p>													



MURRAY STATE UNIVERSITY

A Decade of Progress

	1999	2003	2008
Mean ACT for new freshmen	23	23	23
Freshmen Retention Rate	67.8%	67.6%	74.1%
Retention Baccalaureate	76.4%	74.6%	74.2%
Six-Year Graduation Rate	40.9%	56.3%	50.7%
Undergraduate Enrollment	7,229	8,385	8,361
Minority Undergraduate Enrollment	531	690	681
Graduate Enrollment	1,615	1,715	1,795
Minority Graduate Enrollment	120	151	128
Baccalaureate Degrees Conferred	1,274	1,440	1,632
Minority Bachelor's Degrees	71	109	118
Graduate Degrees	458	573	540
Minority Graduate Degrees	25	53	38
Endowments	\$5,687,700	\$29,396,700	\$50,716,000
Research & Public Service Expenditures	\$6,450,000	\$7,301,600	\$8,359,300

SIGNIFICANT ACCOMPLISHMENTS

- Ranked as a "Top Tier" university in academic quality by US News & World Report for 18 consecutive years (1992 – 2009)
- Record fundraising year (2008) with \$8.5 million in gifts
- Three years running on Kiplinger's Top 100 list for Best Values and the only ranked Kentucky school listed in the Top 100 Best Values in Public Colleges for 2009
- TSM Program of Distinction was selected as the Undergraduate Program of the Year by the International Telecommunications Education and Research Association (ITERA)
- Selected as one of 12 public universities in the nation to be studied for its graduation rate success by AASCU

2009-10 Tuition Setting Process Observations from Policy Relevant Data Northern Kentucky University

Affordability

- In 2008-09, annual resident undergraduate tuition and mandatory fees at NKU were \$6,528 and ranked second highest among Kentucky's comprehensive universities. Between 1998-99 and 2008-09, the university's tuition and fees grew at an average annual rate of 11.2 percent, the second highest increase among the comprehensive universities. These increases include bundling of tuition and fees, as well as, student-supported rate increases of 2.5% each year for three years to fund the debt service on a new student union.
- In 2005-06, the median net price of attendance at NKU among full-time, resident undergraduates who completed and filed a FAFSA was \$9,655, representing the highest net price among the comprehensive universities. That same year, the median family income of students who completed a FAFSA was \$53,500, the highest median income of FAFSA filers among the comprehensives. The estimated median family income for the service region is estimated at \$63,662, which is about \$13,500 higher than the state average.
- The average resident tuition in the region among public four-year institutions is \$11,243, \$4,715 more than the resident tuition at NKU.
- Compared to similar master's degree-granting, public four-year universities in SREB states, NKU's tuition and required fees ranked at the 75th percentile in 2007-08, and its total price of attendance ranked just above the median. That same year, the university's tuition and fees as a percent of state median family income ranked in the upper quartile of the comparison group.
- Compared to NKU's benchmark institutions, the university's undergraduate resident tuition is almost \$900 less than the benchmark median; NKU's net student cost as a percent of MFI is below the median of its CPE benchmarks; NKU's total on campus costs is in the bottom quartile of its CPE benchmarks.
- A total of 6,284 students borrowed from federal aid programs to pay for college in 2007-08. The average loan debt of undergraduate students is \$23,831. NKU students who borrow low interest rate deferred student loans have demonstrated an ability to repay their loans as evidenced by NKU's most recent cohort's low default rate of 3.9%.
- NKU serves two urban high schools in the region, Holmes and Newport. Through proactive visits to these high schools to help guide students through the admissions and financial aid processes, the university increased applications by 49% in 2007 and enrollment by 55% from these schools.
- The university offers the Northern Difference Grant Program to protect access for Pell Grant eligible students. Through this grant program, NKU makes up the difference between the cost of attendance (tuition, room, board and books) and the federal and state grants awarded to students. The program is renewable for up to four years and is open to all Kentucky first-time freshmen who meet NKU's regular admission standards.
- A recent survey of seniors indicates that 92% of NKU students worked while in school. Integrating student learning and employment through expansion of campus and community-based work-study, cooperative education, practica and internship opportunities is a key component of NKU's strategy to improve student success. There are nearly 1500 students who currently participate in the student employment program while others are employed by the university through alternate arrangements.

Access

- During fall semester 2007, total full-time equivalent enrollment at NKU was 11,547 or third highest among the comprehensive universities. The university's FTE enrollment increased by 2,526 students or 28 percent between fall semesters 1998 and 2007, representing the second largest nominal and percentage increases among the comprehensive universities.
- To aid in resident tuition setting last year, NKU engaged the S.H. Brooks Co., a leading national consultant firm in enrollment forecasting. The analysis showed that if NKU had increased resident tuition by 19.25% last year instead of the 9.25% increase that NKU did implement, there would have been a negligible impact on NKU's incoming resident student enrollment.
- The university offers the NKU – KCTCS transfer scholarship to qualifying students from any KCTCS institution which allows the opportunity to complete their bachelor's degree at NKU while being assessed tuition at a rate comparable to KCTCS tuition rates.

Productivity

- In 2007, NKU's full-time retention rate was 69 percent and ranked fourth among Kentucky's comprehensive universities. The university's retention rate increased by 6 percentage points between 2003 and 2007 (IPEDS data).
- During academic year 2006-07, NKU's six-year graduation rate was 32 percent, an increase of 8 percentage points over the rate in 1997.
- NKU awarded 1,624 bachelor's degrees during academic year 2006-07, the third highest number of undergraduate degrees produced among the comprehensive universities that year. Between 1998 and 2007, the number of bachelor's degrees awarded at NKU increased by 502 awards or 45 percent. Both the nominal and percent increases rank second among the comprehensive universities for the period.

Funding Adequacy

- In 2007-08, NKU's amount of total public funds per full-time equivalent student was \$13,037, representing the lowest level of per student funding among Kentucky's comprehensive universities. That same year, the university's net General Fund appropriation per FTE of \$4,629 also ranked lowest among the comprehensive universities. The university would require an additional \$14 to \$17 million in State Appropriations to be funded at the average of the comprehensive universities.
- Due to the relatively low level of state support per FTE, NKU has relied more heavily on tuition and fee revenue to fund its operation. In 2008-09, the university's gross tuition and fee revenue as a percent of total public funds is expected to be 64.4 percent, the highest student share among the comprehensive universities.
- Between fiscal years 1998 and 2009, NKU's Total Public Funds per FTE are expected to grow from \$9,292 to \$12,951, or an average annual increase of 3.1 percent when adjusted for inflation. This represents the highest level of per student public funds growth among Kentucky's comprehensive universities. The general fund portion increased from \$4,252 to \$4,440 (a 4.4 percent gain), while the tuition and fee revenue portion is expected to grow from \$5,040 to \$8,511 (a 68.9 percent increase).
- Compared to similar master's degree-granting, public four-year universities in SREB states, NKU's total public funds per FTE ranked near the median in 2006-07, and its state appropriations per FTE ranked in the bottom quartile. That same year, the university's student share of total public funds ranked in the upper quartile relative to the comparison group.
- Compared to NKU's benchmark institutions, the university's total public funds per FTE ranked below the median in 2006-07, and its state appropriations per FTE ranked in the bottom quartile. That same year, the university's student share of total public funds ranked in the upper quartile relative to the comparison group.

- NKU is operating with the fewest square feet per student than any public institution in Kentucky and offers the nearly 25% fewer degree programs than the median of the comprehensive institutions. The space deficit is estimated to be the equivalent of four to five large academic buildings in addition to the College of Informatics building currently under design. NKU reached a deal to lease with an option to purchase space near campus from KCTCS to help alleviate the space shortage.

Fixed Costs

- The university has significant non-discretionary expenses for next year including the following extraordinary expenses:
 - \$5.7 million to complete our implementation of its enterprise administrative systems (SAP).
 - \$4.6 million shortfall in M&O for the new Student Union and the Bank of Kentucky Center which was not provided in the Biennial Budget.
 - \$900,000 for increases in the employer KERS contribution rate for regular staff from 8.5% in 2007-08 to 11.61% in 2009-2010 and increases for public safety employees.
 - Potential investments required to maintain SACS accreditation based on NKU's recent re-accreditation process.
 - \$300,000 for increases in the minimum wage.
 - 8.5% increase in health insurance premiums ~ \$600,000.
- See the attached fixed costs template for details.

Progress toward Reform Goals

Other Information in addition to the measures of success noted above (enrollment growth, degree production, etc.):

- Between 1997-98 and 2007-08, undergraduate enrollment at Northern Kentucky University increased by 20% and bachelor's degrees awarded increased by 52%. Minority student enrollment at all levels more than doubled at 126%. Similar increases were seen in minority degrees awarded at all levels, at 115%.
- In the past 6 years, the Northern Kentucky region has realized job growth of over 10%. Northern Kentucky University continues to work with the region to support this trend and work towards achieving the Vision 2015 goal of creating more than 50,000 new high-paying jobs in the region. Since 2006, the region has already created 2,540 net new primary jobs meeting 17.8% of its overall Vision 2015 goal.
- Northern Kentucky University continues to improve its academic standing in the community. Among NKU students responding to the Cooperative Institute of Research Programs Freshman Survey in 1999, good academic reputation ranked sixth highest as important considerations in choosing an institution. For the same survey in 2006, good academic reputation ranked third highest. In addition, there was a 46% increase in the number of first-time, full-time bachelor's degree-seeking or undeclared students scoring 25 points or higher on the ACT between fall 2005 and fall 2008.
- See the attached *A Decade of Progress* for details.

Incremental Increases in E&G Costs for FY 1997-98 to 2008-09 Northern Kentucky University													
	Years 1997-98	Years 1998-99	Years 1999-00	Years 2000-01	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Years 2008-09	Cumulative Total
Current E&G Fixed Costs													
Maintenance and Operations(1)	\$275,000	\$294,400	\$652,000	\$650,600	\$463,200	\$1,066,700	\$485,900	\$204,500	\$1,452,400	\$1,057,400	\$1,389,500	\$6,798,800	\$14,790,400
Personnel Costs (2) (NKU Note 2)	N/A												
Employee Benefits (3) (NKU Note 3)	\$493,200	\$703,900	\$512,900	\$403,900	\$1,272,300	\$1,444,700	\$756,000	\$1,247,500	\$1,481,200	\$1,617,200	\$1,983,000	\$884,600	\$12,800,400
Mandated Tuition Waivers	\$208,800	\$353,900	\$87,400	\$444,600	\$1,135,800	-\$181,700	-\$202,100	-\$565,400	\$153,200	\$227,500	\$244,400	\$335,300	\$2,241,700
TOTAL Fixed Costs	\$977,000	\$1,352,200	\$1,252,300	\$1,499,100	\$2,871,300	\$2,329,700	\$1,039,800	\$886,600	\$3,086,800	\$2,902,100	\$3,616,900	\$8,018,700	\$29,832,500
Other E&G Costs (Not Fixed)													
Total Institutional Financial Aid (4)													
Merit	\$8,800	\$100,700	\$358,900	\$313,600	\$1,138,600	\$1,501,400	\$1,127,700	\$397,600	\$379,800	-\$585,500	\$1,163,700	\$1,009,400	\$6,914,700
Need-based	\$33,800	\$12,900	\$1,200	-\$700	\$266,900	\$156,100	\$190,600	\$41,600	\$5,800	\$758,800	\$42,700	\$123,700	\$1,633,400
Athletic	\$49,200	\$80,300	\$51,600	\$37,700	\$156,300	\$87,900	\$123,400	\$97,900	\$111,200	\$78,200	\$68,200	\$195,200	\$1,137,100
Personnel Costs (5) (NKU Note 4)	\$1,491,500	\$3,084,700	\$2,882,300	\$3,372,600	\$6,477,700	\$3,336,500	\$2,230,400	\$3,523,900	\$4,472,700	\$5,964,800	\$6,207,200	\$9,147,400	\$52,191,700
TOTAL Other E&G Costs	\$1,583,300	\$3,278,600	\$3,294,000	\$3,723,200	\$8,039,500	\$5,081,900	\$3,672,100	\$4,061,000	\$4,969,500	\$6,216,300	\$7,481,800	\$10,475,700	\$61,876,900
<p>(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.</p> <p>(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels</p> <p>(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes</p> <p>(4) Additional aid provided to balance coverage due to tuition increases</p> <p>(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments</p> <p>NKU Note 1: Can not provide at this time</p> <p>NKU Note 2: Not available</p> <p>NKU Note 3: Includes all fringe benefits (Health, Dental, KERS, Disability, Life, TIAA, Social Security, Social Security Medicare)</p> <p>NKU Note 4: Changes in the total personnel base (salary increases and position add/delete)</p>													

A Decade of Progress

	1997-98	2007-08
Enrollment		
Undergraduate	10,625	12,725
Graduate/Law	1,160	2,082
Minority (all levels)	488	1,103
Online (all levels)	0	2,266
Degrees Awarded		
Bachelors	1,122	1,706
Graduate/Law	318	616
Minority (all levels)	62	133

2009-10 Tuition Setting Process Observations from Policy Relevant Data Western Kentucky University

Affordability

- In 2008-09, annual resident undergraduate tuition and mandatory fees at WKU totaled \$6,930, representing the highest rate among Kentucky's comprehensive universities.
- WKU's tuition has more than tripled over the past decade. Between academic years 1998-99 and 2008-09, the university's resident undergraduate tuition and fees have grown at an average annual rate of 11.9, the highest rate of annual increase among the comprehensive universities.
- In 2005-06, the median net price of attendance at WKU among full-time, resident undergraduates who completed and filed a Free Application for Federal Student Aid (FAFSA) was \$6,928, representing the second highest net price among the comprehensive universities. That same year, the median family income of students who completed a FAFSA was \$46,100, the second highest median income of FAFSA filers among the comprehensives.
- In 2007-08, WKU's tuition and fees, and tuition and fees as a percent of state median family income, ranked in the upper quartile compared to group of similar master's degree-granting, public four-year universities in SREB states.

Access

- During fall semester 2007, full-time equivalent enrollment at WKU was 15,629 and ranked highest among the comprehensive universities. The university's FTE enrollment increased by 3,635 students or 30 percent between fall semesters 1998 and 2007, representing the largest nominal and percentage increases among the comprehensive universities.

Productivity

- In 2007, WKU's full-time retention rate ranked in the upper middle quartile among a comparison group of similar master's degree-granting, public four-year universities in SREB states. That same year, the university's six-year bachelor's degree graduation rate of 49 percent ranked at the 75th percentile.
- In 2006-07, WKU's bachelor's degree production per 100 undergraduate FTE ranked near the 25th percentile of the comparison group.

Funding Adequacy

- In 2007-08, WKU's total public funds per full-time equivalent student (\$13,213) and its net General Fund appropriation per FTE (\$5,283) both ranked second lowest among Kentucky's comprehensive universities.
- Due to the relatively low level of state support per FTE, WKU has relied more heavily on tuition and fee revenue to fund its operation. In 2008-09, the university's gross tuition revenue as a percent of total public funds is expected to be 59.6 percent, second highest among the comprehensive universities.
- Over the past decade, average annual growth in WKU's total public funds per FTE (6.5 percent) has outpaced inflation as measured by HECA (3.3 percent).

- Between fiscal years 1998 and 2009, WKU's Total Public Funds per FTE are expected to grow from \$9,921 to \$13,282, or an average annual increase of 2.7 percent when adjusted for inflation. This represents the second highest level of per student public funds growth among Kentucky's comprehensive universities. The general fund portion decreased from \$6,035 to \$5,056 (a 16.2 percent decline), while the tuition and fee revenue portion is expected to increase from \$3,886 to \$8,266 (a 111.7 percent gain).
- In 2006-07, WKU's total public funds per FTE ranked in the upper-middle quartile, and its state appropriations per FTE ranked in the lower-middle quartile compared to a group of similar master's degree-granting, public four-year universities in SREB states.
- Since reform, WKU's Total Public Funds per FTE has grown from \$9,921 to \$13,282 at an average annual rate of 2.7 percent when adjusted for inflation, representing the second highest increase among Kentucky's comprehensive universities.

Fixed Costs

- See WKU attachment.
- See the attached fixed costs template for details.

Progress toward Strategic Goals

- See the attached *WKU Highlights Since Reform* for details.

Incremental Increases in E&G Costs for FY 1997-98 to 2008-09 Western Kentucky University													
	Years 1997-98	Years 1998-99	Years 1999-00	Years 2000-01	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Years 2008-09	Cumulative Total
Current E&G Fixed Costs													
Maintenance and Operations(1)		344,000	125,000	276,000	845,000	373,000	695,000	589,000	2,560,000	1,217,000	1,461,000	970,000	9,455,000
Personnel Costs (2)	17,000						265,000	200,000		518,000	132,000	242,000	1,374,000
Employee Benefits (3)	157,000	199,000		910,000	1,610,000	574,000	598,000	561,000	200,000	227,000			5,036,000
Contactual Obligations, Incl Debt	20,000		44,000	98,000	26,000	845,000	249,000	224,000	298,000	7,330,000	64,000	190,000	9,388,000
Mandated Tuition Waivers	6,000	80,000	-	-	188,000	31,000	400,000	41,000	375,000	320,000	329,000	725,000	2,495,000
TOTAL	200,000	623,000	169,000	1,284,000	2,669,000	1,823,000	2,207,000	1,615,000	3,433,000	9,612,000	1,986,000	2,127,000	27,748,000
Other E&G Costs (Not Fixed)													
Total Institutional Financial Aid (4) Merit/Academy	425,000	158,000	326,000	(1,435,000)	559,000	(40,000)	731,000	1,725,000	1,436,000	1,890,000	1,765,000	2,757,000	10,297,000
Note: decreases reflect incentive tuition rate established (01) and alumni grants eliminated (03).											1,051,000	240,000	1,291,000
Personnel Costs (5)	2,479,000	3,107,000	2,864,000	3,333,000	2,425,000	8,041,000	5,361,000	3,823,000	6,085,000	3,968,000	8,975,000	3,133,000	53,594,000
TOTAL Other E&G Costs	2,904,000	3,265,000	3,190,000	1,898,000	2,984,000	8,001,000	6,092,000	5,548,000	7,521,000	5,858,000	11,791,000	6,130,000	65,182,000
<p>(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.</p> <p>(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels plus minimum wage increase.</p> <p>(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes</p> <p>(4) Additional aid provided to balance coverage due to tuition increases</p> <p>(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments</p>													

Western Kentucky University Response January 6, 2009

WKU focuses on achieving its strategic goals: increase student learning, grow a high quality, diverse and engaged student body, enrich student excellence through premier faculty and staff, improve quality of life in Kentucky and beyond, and enhance the financial, physical, and resource capacities of the University. In our annual strategic plan progress reports, WKU reports on its progress on a broad array of performance indicators – performance indicators that reflect the CPE’s 2020 Plan plus the basic academic values of WKU.

Generally, we do not compare ourselves to other comprehensive universities nor does the CPE in recommending adequate funding. WKU has increased its graduation rate from about 37 percent to 49 percent. Increasing graduation rates is complex with numerous factors outside the control of colleges and universities. A significant number of WKU graduates are the first to graduate from college in their family. WKU is the only four-year institution with open access to a university-operated community college. The challenges of the under prepared students from backgrounds not necessarily valuing a college degree pose bigger challenges than the cost of attending college.

WKU is proud of its 33 percent increase in enrollment over the last 10 fall semesters and its 2.7 percent increase this fall. We have invested in student recruitment across the state, and believe our emphasis on quality has paid off. One comparison that hasn’t been made by the CPE staff is enrollment growth in comparison to Kentucky high school graduates. WICHE prepares a report; however, the most recent report available showed actual 1998-99 through 2001-02 and projected for several years. If you look at actual 1998-99 to actual 2001-02, Kentucky high school graduates declined 2 percent. From fall 1999 to fall 2002, WKU KY undergraduate enrollment increased 15 percent and the first-time freshmen increased 43 percent. When looking at WICHE actual and projections, the data are as follows:

1998-99 through 2007-08 KY high school graduates	2 percent increase
Fall 1999 – fall 2007 WKU KY undergraduates	30 percent increase
Fall 1999 – fall 2007 WKU KY first-time freshmen	58 percent increase

Significant growth has occurred in online courses. A 20 percent surcharge is added to cover online courses and the development of additional programs that can be offered fully online. There does not seem to be any price sensitivity related to online courses. Students are willing to pay for the convenience. This enrollment growth has occurred in spite of erratic state funding. We believe our success, even with Kentucky’s annual high school graduate population remaining relatively constant, is the result of our commitment to academic quality and the enhancement of the educational experience. Parents and students are not deterred by the price of attendance; it’s viewed as an investment that will yield significant returns over an individual’s lifetime.

While it is noted by CPE staff that WKU’s tuition rates are among the highest of Kentucky universities, data also show that WKU has operated on less state funding per FTE student during the last decade. While the CPE staff notes that public funds per FTE student grew faster than inflation, this does not take into account historically low financial support for the base budget. For example ECU is closest in size of enrollment. In FY 2000, ECU’s state funding per FTE student was almost 10 percent higher than WKU’s. Total public funds were 5 percent higher at ECU than at

WKU. In FY 2008, ECU's state funds per FTE student were 13 percent higher than WKU's, but total public funds per FTE were only 3 percent higher. So the data show that WKU has used tuition revenue to close the gap in total funding.

The following provides some explanation for specifically targeted tuition increases:

In fall 2004, WKU implemented a Facilities Improvement Matching Fee (\$58) so that we had sufficient funds to match state funds to complete E&G capital renewal projects. This is similar to fees for instruction and research equipment matching (\$7.50), libraries (\$12), and classroom improvements fee (\$7.50). Due to insufficient state funds, the Commonwealth cannot provide sufficient funds to replace books, periodicals, equipment, and fix and repair buildings and building systems. We made a choice to try to match available funds and to protect our libraries and infrastructure.

Also in fall 2004, WKU implemented a Student Parking and Transportation Fee (\$36) to help provide parking for a significantly larger student population. Part of the fee allowed WKU to borrow funds to construct a parking structure. Parking is the number one issue among students on campus.

After state budget cuts in FY 2003 and FY 2004, WKU Board of Regents made a long-range commitment to academic quality and facilities enhancements. Enrollment growth without adequate state funding had taken a significant toll on the campus and especially the faculty. We chose to make these commitments by increasing student charges rather than passively waiting until the state could afford to fund us even comparably with other comprehensive universities.

The enhancement commitments included Academic Quality I (\$200) with funds dedicated for enrollment growth faculty positions, faculty salary market adjustments, additional funding for graduate assistantships, wireless campus and IT infrastructure improvements, and academic/student services programs including expanding retention programs. The fee also allowed WKU funds to build an addition, the Student Success Center, to the main student center to house expanded student support services in a more cohesive manner. The second specially targeted increase was Academic Quality II (\$156) and funds again were targeted to operating support of academic departments and student support services, additional faculty positions, and continued funding for instructional technology and technology help desk support.

Even with funding specifically targeted to address enrollment growth pressures, WKU has been unable to improve its student/faculty ratio. WKU's benchmarks have an average student/faculty ratio of 18/1; WKU continues to provide instruction at 22/1. The tuition increases allowed WKU to address enrollment growth pressures only. WKU would need an additional 147 full-time faculty to match the benchmark average. Furthermore, no improvement has occurred in paying faculty competitive salaries to ensure recruitment and retention of quality faculty. The most recent strategic plan report showed that faculty salaries by rank were at the 35th percentile of the CPE's benchmark institutions. In terms of purchasing power, WKU's all-ranks average faculty salary has declined 4 percent since 1999.

The third and fourth targeted increases (totaling \$202 and supplemented with an additional \$39 from general tuition revenue) were for the Campus Rebuilding Program. WKU committed to agency bonds to build and repair E&G facilities needed to meet many of the needs of a

significantly larger student population. With limited to no state bonds, WKU has borrowed funds and will be borrowing the balance of fund this spring for the following projects: South Campus Addition (WKU Community College/associate degree programs/developmental education), new Health Services Center, Preston Student Health and Activities Center Addition and Renovation, Academic/ Athletics #2 Renovation and Addition (Physical Education and Recreation Department and Athletics), Van Meter Hall Addition and Renovation, Ivan Wilson Fine Arts Center Addition and Renovation, Science and Technology Hall Renovation, IT infrastructure, additional parking lots, and planning for a new facility to house the Honors College and the College of Business.

These targeted enhancements have contributed to continued enrollment growth at WKU. Additionally, tuition increases have allowed WKU to create an Honors College and to greatly enhance its study abroad program. The Kentucky applicant pool increased 25 percent since fall 2004 with an enrollment increase of 13 percent, as well. Even with a tuition increase of 8 percent, WKU's enrollment grew 3 percent including an increase of over 8 percent in African American students this fall.

Please note that WKU offers a Winter Term, May Term and Summer Term in addition to extensive online learning opportunities. The tuition revenue generated by these terms and offerings are reinvested into the programs to expand offerings. (Revenue comparisons among institutions may not be valid due to the difference in terms and online courses.)

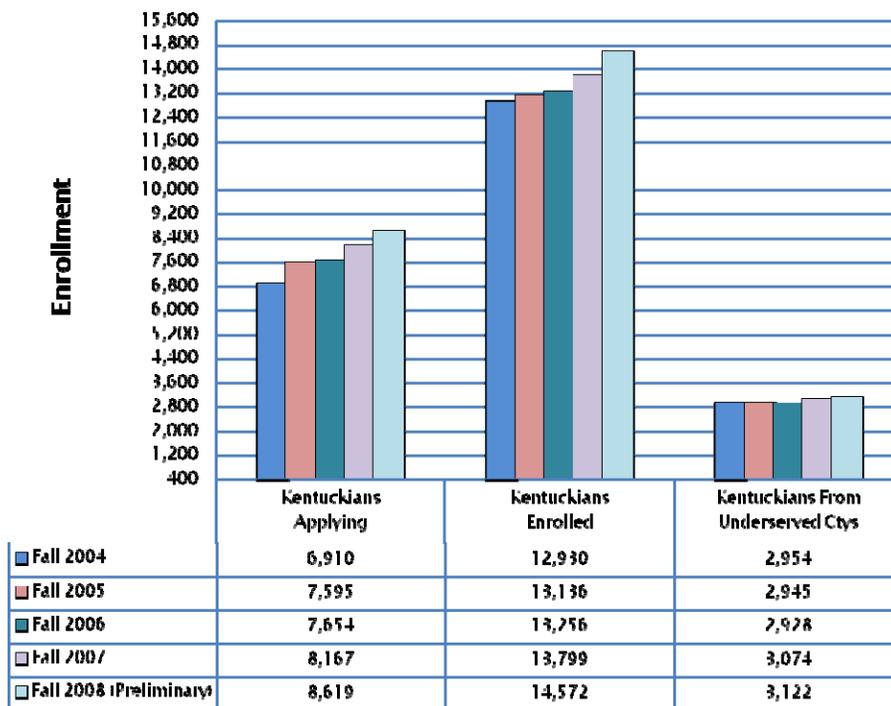
We support a modest tuition rate increase given a certain budget reduction this year and a likely reduction next fiscal year. The increase is needed for fixed cost increases and a minimal salary increase for faculty and staff. We do not believe such an increase will adversely impact financial access to WKU. The campus has been informed that new funding for strategic investments will be delayed. Reallocated funding will be the source for new strategies to meet the developmental education strategies and improved graduation results.



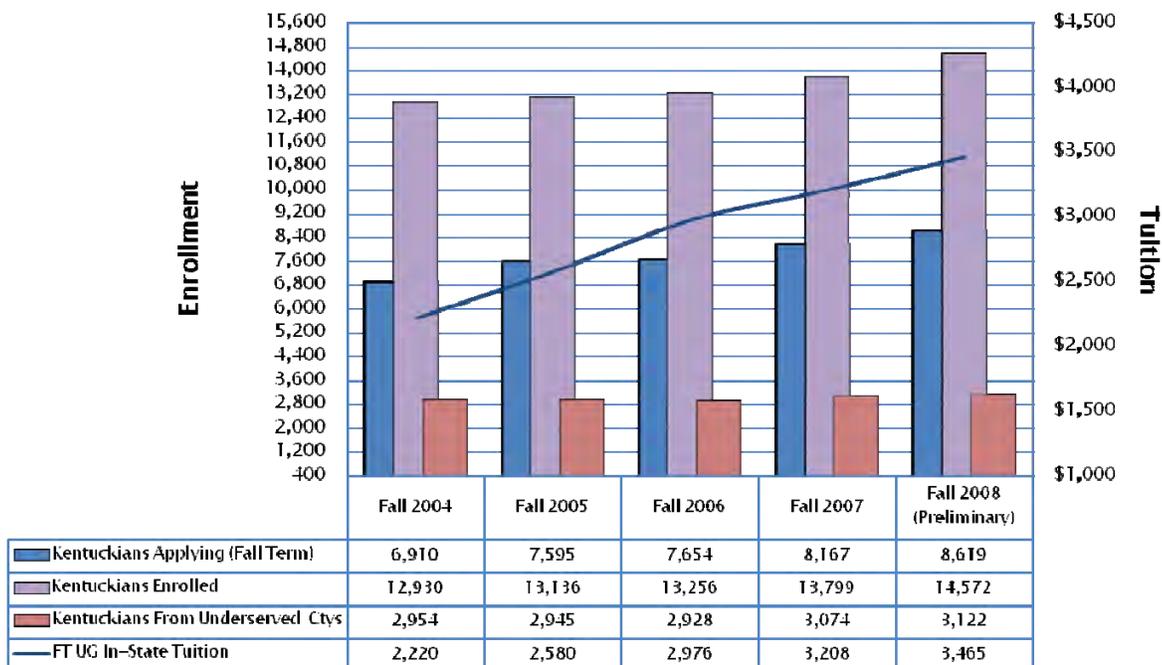
WKU Highlights Since Reform

	1998	2002	2008
University Enrollment	14,882	17,818	19,761
Regional Campus Enrollment (Glasgow, E-Town, Owensboro)	2,509	3,314	4,244
Honors College Enrollment	--	514	824
STEM Enrollments	2,827	2,882	4,159
Online Enrollments	149	3,020	19,109
Academic Programs Available Completely Online	1	6	21
Engineering Enrollments	0	215	435
Gatton Academy of Mathematics & Science Enrollments	0	0	120
Educational Leadership Doctoral Program Enrollment	0	0	24
Graduation Rate	39.1%	41.0%	47.3%
Baccalaureate Degrees Awarded	1,716	1,903	2,391
STEM Degrees Awarded	507	531	673
Endowed Chairs and Professorships	4	19	29
Endowment	\$24.9 M	\$48.5 M	\$104.5 M
Endowed Scholarships	87	159	219
Patent Applications Filed (Cumulative)	1	2	11
Formal Patents Issued (Cumulative)	0	1	5
License Option Agreements (Cumulative)	0	0	11
Research Expenditures	\$2,923,300	\$6,461,372	\$12,691,414

Kentuckians At WKU: Enrollment 2004–2008



Kentuckians At WKU: Enrollment & Tuition Trends



2009-10 Tuition Setting Process

Observations from Policy Relevant Data

University of Kentucky

Affordability

- In 2008-09, annual resident undergraduate tuition and mandatory fees at UK totaled \$7,848 (an average of the university's upper and lower division rates). Between 1998-99 and 2008-09, the university's tuition and fees grew at an average annual rate of 10.0 percent.
- In 2005-06, the median net price of attendance at UK among full-time, resident undergraduates who completed and filed a FAFSA was \$10,781. That same year, the median family income of UK students who completed a FAFSA was \$61,300. This means that, on average, students from this group paid about 18 percent of their reported family income to attend UK in 2005-06.
- Compared to Top 20 public research universities, UK's tuition and fees and total price of attendance in 2007-08 both ranked near the 25th percentile. That same year, the university's tuition and fees as a percent of state median family income ranked in the upper quartile.

Access

- During fall semester 2008, full-time equivalent enrollment at UK was 24,530 and ranked highest among Kentucky public four-year universities. The university's FTE enrollment increased by 2,738 students or 12.6 percent between fall semesters 1998 and 2008. During the same time period, UK added only 22 instructional faculty, an increase of 1.8%. Thus, UK's efficiency in supporting FTE enrollment (FTE per instructional faculty) increased from 17.7 to 19.6.
- UK's total full-time equivalent enrollment during fall semester 2007 ranked in the bottom quartile compared to Top 20 public research universities.

Productivity

- In fall 2008, UK's full-time retention rate was 81 percent. The university's retention rate increased by 4.6 percentage points between 2007 and 2008. This includes a retention rate of 80% for African-American students, up from 76.6% the previous year. This dramatic increase is the result of implementation of the Provost's "War on Attrition," an aggressive, multi-pronged effort aimed at student success.
- During academic year 2006-07, UK's six-year bachelor's degree graduation rate was 61.4 percent. Between 1997 and 2007, the university's graduation rate increased by 13.0 percentage points. Unfortunately, preliminary analysis shows that UK's graduation rate will be 57.5% for the 2002 cohort – the lowest rate in the last seven years. This was not unexpected because the incoming class grew from 3,037 in fall 2001 to 3,718 in fall 2002, an increase of 681 or 22.4% in one year. UK has continued to enroll larger first-year cohorts, including 4,110 in fall 2008. The graduation rate is expected to rebound for the fall 2003 class.
- UK awarded 3,775 bachelor's degrees during academic year 2007-08. Between 1998 and 2008, the number of bachelor's degrees awarded at UK increased by 528 awards or 16.3 percent.

- In 2006-07, UK's full-time retention rates, six-year bachelor's degree graduation rates, and bachelor's degree production per 100 undergraduate FTE all ranked in the bottom quartile compared to Top 20 public research universities. The average SAT score of students attending the Top 20 universities is 1,248, the average SAT score of students at UK is 1,096, and the Kentucky statewide average is 990. The annual evaluation of the quality of American research universities by TheCenter ranked UK 105th among public research universities on the SAT/ACT scores of incoming students. In spite of low rankings on the SAT/ACT, US News & World Report recently calculated that UK exceeded its predicted six-year graduation rate. It also is worth noting that the Top 20 universities admit an average of 49.6 percent of their applicants. UK's acceptance rate is 77 percent.

Funding Adequacy

- In 2007-08, UK's total public funds per full-time equivalent student were \$23,557. Between fiscal years 1999 and 2008, the university's public funds per student increased at an average annual rate of 3.8 percent, exceeding average growth in inflation for the period (HECA). Public funds include tuition and fee revenue and state appropriations net of debt service. UK's 2007-08 state appropriations included \$82.5 million for non-instructional purposes such as an Agriculture Cooperative Extension and Experiment Station, the Kentucky Geological Survey, a Livestock Disease Diagnostic Laboratory, and the Center for Applied Energy Research. The amount of public funds per FTE in 2007-08 was \$20,111, excluding these state-funded mandated non-instructional programs.
- That same year, the university's net General Fund appropriation per FTE was \$13,579 (\$10,132 per student when mandated non-instructional programs are excluded). Over the last nine years, UK's appropriations per student increased at an average annual rate of 1.1 percent per year.
- In 2008-09, the university's gross tuition revenue as a percent of total public funds is expected to be 42.2 percent (or 49.6 percent when mandated non-instructional programs are excluded).
- Between fiscal years 1998 and 2009, UK's Total Public Funds per FTE are expected to grow from \$22,134 to \$23,286, or an average annual increase of 0.5 percent when adjusted for inflation (utilizing budgeted tuition revenue for 2009). This represents the lowest level of per student public funds growth among Kentucky's public universities. The general fund portion decreased from \$16,286 to \$12,963 (a 20.4 percent decline), while the tuition and fee revenue portion is expected to grow from \$5,849 to \$10,323 (an increase of 77.5 percent).
- Compared to Top 20 public research universities, UK's state appropriations per FTE (including mandated programs) and total public funds per FTE ranked in the upper-middle quartile in 2006-07, while its gross tuition revenue per FTE ranked in the bottom quartile.

Fixed Costs

- UK's organizational structure, and therefore its budget, has changed dramatically since Postsecondary Education Reform. The University's total budget has doubled from \$1.1 billion in 1996-97 to \$2.2 billion in 2008-09. A few major events include:
 - In May 1997, the Kentucky General Assembly created the Research Challenge Trust Fund and Endowment Match Program;
 - In 1997-98, the community colleges (excluding Lexington Community College) became part of KCTCS;
 - In 2004-05, the Lexington Community College became part of KCTCS; and
 - In 2007-08, UK acquired Good Samaritan Hospital.
- Given the breadth of the instructional, research, and public service functions of the state's flagship university, the majority of UK's budget is dedicated to personnel, technology, and facilities.

- From 2004-05 to 2008-09, the cost of educational and general activities (excluding the hospital system; designated gifts, grants, and contracts; and auxiliaries such as housing and dining) increased an average of 8.8% per year. The increased costs reflect instructing more students, providing more student financial aid, providing more public services, the operation and maintenance of new facilities, and covering unavoidable increases in fixed costs. For example, from FY 2004-05 to FY 2008-09:
 - Utilities increased \$8.4 million or an average of 8.6% per year. Utilities are expected to increase an additional \$3.6 million or 10.9% in 2009-10;
 - Tuition waivers mandated by the General Assembly increased \$1.9 million, or 54%;
 - Employee health benefits, post-retirement benefits, long-term disability insurance, workers compensation, and unemployment insurance increased \$13.2 million or 65%; and
 - Student financial aid funded from institutional resources increased \$21.2 million or 59%.
- See the attached fixed costs template for details.

Progress toward Strategic Goals

MEASURE	PRE-REFORM	2008	CHANGE
1. Enrollment	24,061 (Fall 1996)	26,913 (Fall 2008)	+ 11.9%
2. First Year Students			
• Applied	7,547 (Fall 1996)	11,120 (Fall 2008)	+ 47.3%
• Admitted	5,850 (Fall 1996)	8,757 (Fall 2008)	+ 49.7%
• Enrolled	2,637 (Fall 1996)	4,110 (Fall 2008)	+ 55.9%
• Governor's Scholars/ Governor's School for the Arts	125 (Fall 1996)	389 (Fall 2008)	+ 211.2%
3. Retention Rate	77.9 % (Fall 1996)	81.0 % (Fall 2008)	+ 3.1 percentage
points			
4. Graduation Rate	48.1% (1991 cohort)	57.5 % (2002 cohort)	+ 9.4 percentage
points			
5. Degrees Conferred			
• Bachelors	3,133 (Spring 1997)	3,775 (Spring 2008)	+ 20.5%
• Graduate	1,272 (Spring 1997)	1,619 (Spring 2008)	+ 27.3%
• First Professional	353 (Spring 1997)	409 (Spring 2008)	+ 15.9%
6. Federally Financed R&D (in millions)	\$62,128 (1996-97)	\$154,688 (2006-07)	+ 149.0%
7. Total R&D (in millions)	\$124,804 (1996-97)	\$331,606 (2006-07)	+ 165.7%
8. Endowment	\$195.1 million (June 30, 1997)	\$871.9 million (June 30, 2008)	+ 346.9%
9. Endowed Chairs	22 (1996-97)	105 (June 30, 2008)	+ 377.3%
10. Endowed Professorships	45 (1996-97)	255 (June 30, 2008)	+ 466.7%

- See the attached *Progress Since Postsecondary Education Reform* for details.

**Incremental Increases in E&G Costs for FY 2004-05 to 2008-09
University of Kentucky**

	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Years 2008-09	Cumulative Total
Current E&G Fixed Costs						
Maintenance and Operations(1)	NA	3,685,035	871,201	1,701,482	2,153,375	8,411,093
Personnel Costs (2)	NA	33,057,800	13,908,590	30,673,680	42,573,352	120,213,421
Employee Benefits - Salary Dependent (3)	NA	5,619,083	2,531,870	5,712,755	12,072,840	25,936,547
Employee Benefits - Non Salary Dependent (4)	NA	1,272,656	8,659,219	-1,165,115	4,394,998	13,161,758
Mandated Tuition Waivers	NA	251,300	561,500	743,300	300,300	1,856,400
TOTAL Fixed Costs	0	43,885,874	26,532,379	37,666,102	61,494,865	169,579,219
Other E&G Costs (Not Fixed)						
Total Institutional Financial Aid (5) Merit Need-based Athletic	NA	4,168,500	5,757,000	4,801,500	6,513,000	21,240,000
Personnel Costs						
TOTAL Other E&G Costs	0	4,168,500	5,757,000	4,801,500	6,513,000	21,240,000

(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc. Numbers excludes Personnel/Benefits Costs
(2) All costs associated with existing E&G personnel - salary and wages only
(3) Life, FICA and Retirement benefits for all faculty and staff
(4) LTD, Workers Comp, Health Insurance , Unemployment atc. - All benefits that are non salary dependent
(5) Total unrestricted institutional aid



PROGRESS SINCE POSTSECONDARY EDUCATION REFORM

According to KRS 164.003, one of the goals of Kentucky Postsecondary Education Reform is to build:

A major comprehensive research institution ranked nationally in the top twenty (20) public universities at the University of Kentucky

The table below contains several measures of institutional strength and capacity. All show substantial improvement since 1997.

MEASURE	PRE-REFORM	2008	CHANGE
1. Enrollment	24,061 (Fall 1996)	26,913 (Fall 2008)	+ 11.9%
2. First Year Students			
• Applied	7,547 (Fall 1996)	11,120 (Fall 2008)	+ 47.3%
• Admitted	5,850 (Fall 1996)	8,757 (Fall 2008)	+ 49.7%
• Enrolled	2,637 (Fall 1996)	4,110 (Fall 2008)	+ 55.9%
• Governor's Scholars/ Governor's School for the Arts	125 (Fall 1996)	389 (Fall 2008)	+ 211.2%
• Valedictorians	118 (Fall 1996)	133 (Fall 2008)	+ 12.7%
3. Retention Rate	77.9 percent (Fall 1996)	81.0 percent (Fall 2008)	+ 3.1 percentage points
4. Graduation Rate	48.1 percent (1991 cohort)	57.5 percent (2002 cohort)	+ 9.4 percentage points
5. Degrees Conferred			
• Bachelors	3,133 (Spring 1997)	3,775 (Spring 2008)	+ 20.5%
• Graduate	1,272 (Spring 1997)	1,619 (Spring 2008)	+ 27.3%
• First Professional	353 (Spring 1997)	409 (Spring 2008)	+ 15.9%
6. Annual Giving	41.4 million (1996-97)	57.7 million (2007-08)	+ 39.4%
7. Federally Financed R&D (in millions):	\$62,128 (1996-97)	\$154,688 (2006-07)	+ 149.0%
8. Total R&D (in millions):	\$124,804 (1996-97)	\$331,606 (2006-07)	+ 165.7%
9. Endowment	\$195.1 million (June 30, 1997)	\$871.9 million (June 30, 2008)	+ 346.9%
10. Library Volumes	2,679,084 (1998-99)	3,537,710 (2006-07)	+ 32.0%
11. Endowed Chairs	22 (pre-RCTF I)	105 (June 30, 2008)	+ 377.3%
12. Endowed Professorships	45 (pre-RCTF I)	255 (June 30, 2008)	+ 466.7%





PROGRESS SINCE TOP 20 BUSINESS PLAN IMPLEMENTATION

The University of Kentucky's Top 20 Business Plan, originally approved by the UK Board of Trustees in December 2005, is the financial and capital framework for achieving Top 20 status by 2020. In order to assess the University's current position relative to other institutions, University faculty and staff, in consultation with external experts, selected nine institutional measures that are nationally collected and reflect the four central components of the University – undergraduate education, graduate education, faculty expertise, and research activity. These measures were modified in Fall 2008.

For the purposes of the Business Plan, UK ranks itself relative to all public universities conducting at least \$20 million in annual federally-funded research. To date, there are 92 institutions fitting that description (including UK).

<u>MEASURE</u>	<u>Score (Rank) in Fall 2005</u>	<u>Score (Rank) in Fall 2008</u>
SAT/ACT Scores	1,128 (47 th)	1,096 (62 nd)
Six-Year Graduation	59.6 % (51 st)	61.4% (51 st)
Student to Faculty Ratio	17-1 (35 th)	17-1 (34 th)
Master's Degrees Awarded	1,337 (43 rd)	1,371 (41 st)
Research and Professional Doctorates Awarded	670 (27 th)	653 (30 th)
Faculty Citations	44,928 (40 th)	51,045 (40 th)
Faculty Publications	8,060 (38 th)	8,561 (39 th)
Federal Research	\$100M (35 th)	\$151M (34 th)
Non-Federal Research	\$136M (23 rd)	\$173M (20 th)

The Business Plan combines the nine measures into a single score, reflecting UK's rank among the 92 comparable institutions. In 1997, UK ranked 40th overall. Today, UK ranks 36th.

see blue.

2009-10 Tuition Setting Process

Observations from Policy Relevant Data

University of Louisville

Affordability

- In 2008-09, annual resident undergraduate tuition and mandatory fees at UofL totaled \$7,564. Between 1998-99 and 2008-09, the average annual rate of change in the university's resident undergraduate tuition and fees was 10.0 percent.
- In 2005-06, the median net price of attendance at UofL among full-time, resident undergraduates who completed and filed a FAFSA was \$14,115, the highest among Kentucky's public four-year universities. That same year, the median family income of UofL students who completed a FAFSA was \$50,200. This means that, on average, students from this group paid about 28 percent of their reported family income to attend UofL in 2005-06.
- In 2007-08, UofL's tuition and fee charges ranked at the median compared to its benchmark institutions. That same year, tuition and fees as a percent of state median family income ranked in the upper middle quartile.

Access

- During fall semester 2007, full-time equivalent enrollment at UofL was 17,458 and ranked second highest among Kentucky public four-year universities. The university's FTE enrollment increased by 2,186 students or 14.3 percent between fall semesters 1998 and 2007.
- UofL's total student headcount and its full-time equivalent enrollment during fall semester 2007 was the lowest among its benchmark institutions.

Productivity

- In 2007, UofL's full-time retention rate was 78 percent and ranked highest (along with UK) among Kentucky's public four-year universities. That same year, the university's six-year bachelor's degree graduation rate was 44 percent. Between 2004 and 2007, the university's six-year graduation rate increased by 11 percentage points.
- UofL awarded 2,328 bachelor's degrees during academic year 2006-07. Between 1998 and 2007, the number of bachelor's degrees awarded at UofL increased by 634 awards or 37 percent.
- In 2007, UofL's full-time retention rate, six-year bachelor's degree graduation rate, and bachelor's degree production per 100 undergraduate FTE all ranked in the bottom quartile compared to its benchmark institutions.

Funding Adequacy

- In 2007-08, the amount of UofL's total public funds per full-time equivalent student was \$20,056. Between 1998-99 and 2007-08, the university's public funds per student increased at an average annual rate of 5.0 percent, exceeding the annual increase in HECA (3.3 percent) for the period.
- The university's net General Fund appropriation per FTE was \$9,366 in 2007-08. Over the last nine years, UofL's appropriations per student increased at an average annual rate of 1.0 percent per year.

- Between fiscal years 1998 and 2009, UofL's Total Public Funds per FTE are expected to grow from \$16,804 to \$19,306, or an average annual increase of 1.3 percent when adjusted for inflation (utilizing budgeted tuition revenue for 2009). The general fund portion decreased from \$11,227 to \$8,851 (a 21.2 percent decline), while the tuition and fee revenue portion is expected to grow from \$5,577 to \$10,455 (an increase of 87.5 percent).
- Compared to other Metropolitan research universities, in 2006-07, UofL's total public funds per FTE and its state appropriations per FTE were either at or slightly below the median.

Fixed Costs

- See UofL attachment.
- See the attached fixed costs template for details.

Progress toward Strategic Goals

- See the attached *A Decade of Progress* for details.

Incremental Increases in E&G Costs for FY 2001-02 to 2008-09
University of Louisville

	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Years 2008-09	Cumulative Total
Current E&G Fixed Costs									
Maintenance and Operations(1)	714,286	643,825	1,852,032	478,250	4,031,085	746,475	2,776,453	5,297,500	16,539,906
Personnel Costs (2)	9,908,764	4,506,492	1,435,932	9,320,317	12,144,368	12,601,648	12,402,827	12,403,772	74,724,120
Employee Benefits (3)	2,056,123	1,233,524	3,905,394	1,699,824	1,363,277	4,882,550	3,786,691	8,791,418	27,718,801
Mandated Tuition Waivers	276,702	149,460	26,024	150,740	10,661	132,634	291,410	93,387	1,131,018
TOTAL Fixed Costs	12,955,875	6,533,301	7,219,382	11,649,131	17,549,391	18,363,307	19,257,381	26,586,077	120,113,845
Other E&G Costs (Not Fixed)									
Total Institutional Financial Aid (4)									
Merit	3,488,635	3,540,860	1,460,717	2,867,779	4,861,516	4,079,273	3,719,577	3,363,179	27,381,536
Need-based	0	0	200,000	299,973	148,803	480,924	711,995	165,753	2,007,448
Athletic	902,350	(2,749)	(11,651)	20,750	153,600	204,600	287,710	197,614	1,752,224
Personnel Costs (5)									
TOTAL Other E&G Costs	4,390,985	3,538,111	1,649,066	3,188,502	5,163,919	4,764,797	4,719,282	3,726,545	31,141,207

* Incremental Increase from prior year is comparing budget for 2008-09 to Actuals for 2007-08.

(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.

(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels

(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels

PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes

(4) Additional aid provided to balance coverage due to tuition increases

(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments

University of Louisville
STATUS REPORT

“Becoming a Premier, Nationally Recognized
Metropolitan Research University”

House Bill 1 mandates that the University of Louisville be a premier, nationally recognized metropolitan research university. Upon passage of HB1, the UofL Board of Trustees (BOT) adopted the *Challenge for Excellence (1998-2008)* which set goals, identified strategies and tactics and determined the metrics of performance to evaluate the university’s progress in achieving its mandate.

The benchmark institutions utilized by UofL are “aspirational” – institutions that are premier, nationally recognized research universities. By definition a snapshot comparison of UofL with these institutions will show that UofL is behind. Yet, when one analyzes where UofL was in 1998 and where it was in 2008, undeniable progress, incredible progress, has been made.

Further, the UofL BOT has now adopted the *2020 Plan* to ensure that such progress continues and UofL “finishes the job” given to it by the people of Kentucky.

Defining a Premier, Nationally Recognized Metropolitan Research University:

- Premier: commitment to quality/excellence:

	1998	2008
Average ACT score for all entering freshmen	21.4	24.4
Freshmen retention rate	71.2%	77.7%
6-year graduation rate	30.1%	45.7%
Undergraduate degrees awarded	1,734	2,298
Doctoral degrees awarded	76	151
Endowed chairs and professorships	35	131
Endowment	\$317.0M	\$719.4M

- Metropolitan: commitment to greater Louisville region – the state’s major urban area and a region that drives the state’s economic activity:

	1998	2008
Startup companies	1	22
Patents (cumulative)		
- Applications filed	9	432
- Formal patents issued	15	63
License option agreements (cumulative)	17	73
Carnegie Foundation for the Advancement of Teaching, highest rating for community engagement in recognition of:		

- Δ Signature Partnerships
- Δ Partnership for a Green City
- Δ Economic development activities

- Research: commitment to translational research that improves quality of life and economic opportunity for the people of the community and Kentucky:

	<u>1998</u>	<u>2008</u>
Research expenditures	\$39.1M	\$148.9M

Conclusion: UofL is moving in the right direction: *2020 Plan* identifies goals, strategies and tactics, and metrics for 2020.

The Paradox: State Funding Inconsistent with Mandate

HB1 further called for a postsecondary education system that is “adequately funded.” Unfortunately, since 2002 the University of Louisville as other institutions has incurred nine state budget cuts (see Appendix 1).

The university’s net General Fund appropriation per FTE was \$9,366 in 2007-08. Over the last nine years, UofL’s appropriations per student increased at an average annual rate of 1.0 percent per year, considerably less than any measure of inflation. Thus, the state is providing fewer real dollars to UofL now than before the Reform to achieve its mandate.

As often noted by the CPE, a response to lack of state funding has been to shift more of the burden for the cost of higher education to the individual consumer – the student. According to CPE calculations, annual resident undergraduate tuition and mandatory fees at UofL have increased an average of 10.0 percent over the period of reform.

What the CPE ignores is:

- Δ The product received by the student and the state over this period of time has dramatically improved with our focus on quality and excellence.
- Δ In addition to the student bearing an increased burden, the university has implemented a 7 point strategy to move forward without increased state resources:
 - The re-engineering of campus operations, for which savings and cost avoidance measures total over \$58 million since 2002;
 - Focusing on converting underperforming/nonperforming assets to fully performing assets;
 - Increasing fundraising;
 - Building clinical income to provide educational/research support;
 - Using private partnerships to build academic support services;
 - Expanding contract research and commercialization to generate funds;
 - Being creative (e.g., approval of Tax Increment Financing District).
- Δ Building Research Excellence costs money.
- Δ A dollar of tuition is not the same as a state dollar since 30 percent of tuition increases go directly back into student financial programs to offset the price increase. Hence, the public funds per FTE student figures used by the CPE are a distortion and in discretionary terms we have fewer dollars available today to achieve our mandate than

the change in the cost of living, even when tuition increases are included (adjusted total public funds per FTE has actually increased 2.35 percent since reform).

Conclusion: UofL has made progress achieving its goals; students and the institution have borne the cost of this progress; the state has not adequately funded the goals it has set for UofL.

Affordability

The CPE has not uniformly defined Cost of Attendance (COA) for higher education in Kentucky. UofL has self-defined COA to be as high as possible so that our students will qualify for the maximum amount of financial aid. The CPE's statement that UofL's net price of attendance is the highest of the 4-year public schools is misleading at best.

Net costs should be calculated based on tuition and/or direct costs only (tuition, room & board, books).

For the Fall 2005 the net price of attendance at UofL for all full time, resident undergraduates based on tuition was \$359 per semester. The median family income of UofL students who completed a FAFSA was \$50,200; thus, an average student from this group paid about 1.5 percent of their reported family income for tuition at UofL, not the 28 percent reported by the CPE.

In addition, as tuition has increased over the last decade we have been sensitive to market pricing by starting three new financial aid programs:

- In Fall 2003, UofL created a Need Based grant program to help needy continuing undergraduate students offset the rising cost of tuition. In the 2003-04 year, \$500,000 was awarded to 1108 students. In the 2008-09 year, \$1,619,900 has been awarded to 1333 students.
- In Fall 2007, UofL initiated the Cardinal Covenant program in an effort to make college affordable for the 22.6 percent of Kentucky families living at or below 150 percent of the federal poverty level. In the 2007-08 year, UofL awarded Cardinal Covenant funds totaling \$418,411 to 169 students. For the 2008-09 year, UofL has awarded just over \$1 million to 227 students. When UofL adds a third class to the program in 2009-10, the budget will go up to \$1.7 million.
- A scholarship program for students transferring to UofL from the KCTCS campus.

Conclusion: Tuition has gone up. UofL expenditures of student financial aid are increasing proportionately to help offset the tuition increases. In FY 2006, for example, the average amount of institutional grants for first-time, degree seeking students was \$7,052 compared to \$2,961 for the benchmarks. Students are consuming a product of greater quality. Students are being forced to bear an increasing cost for the achievement of the mandates of HB1.



Tuition Discussion - CPE

State-Mandated Budget Reductions, FY 2001-'02 — FY 2008-'09

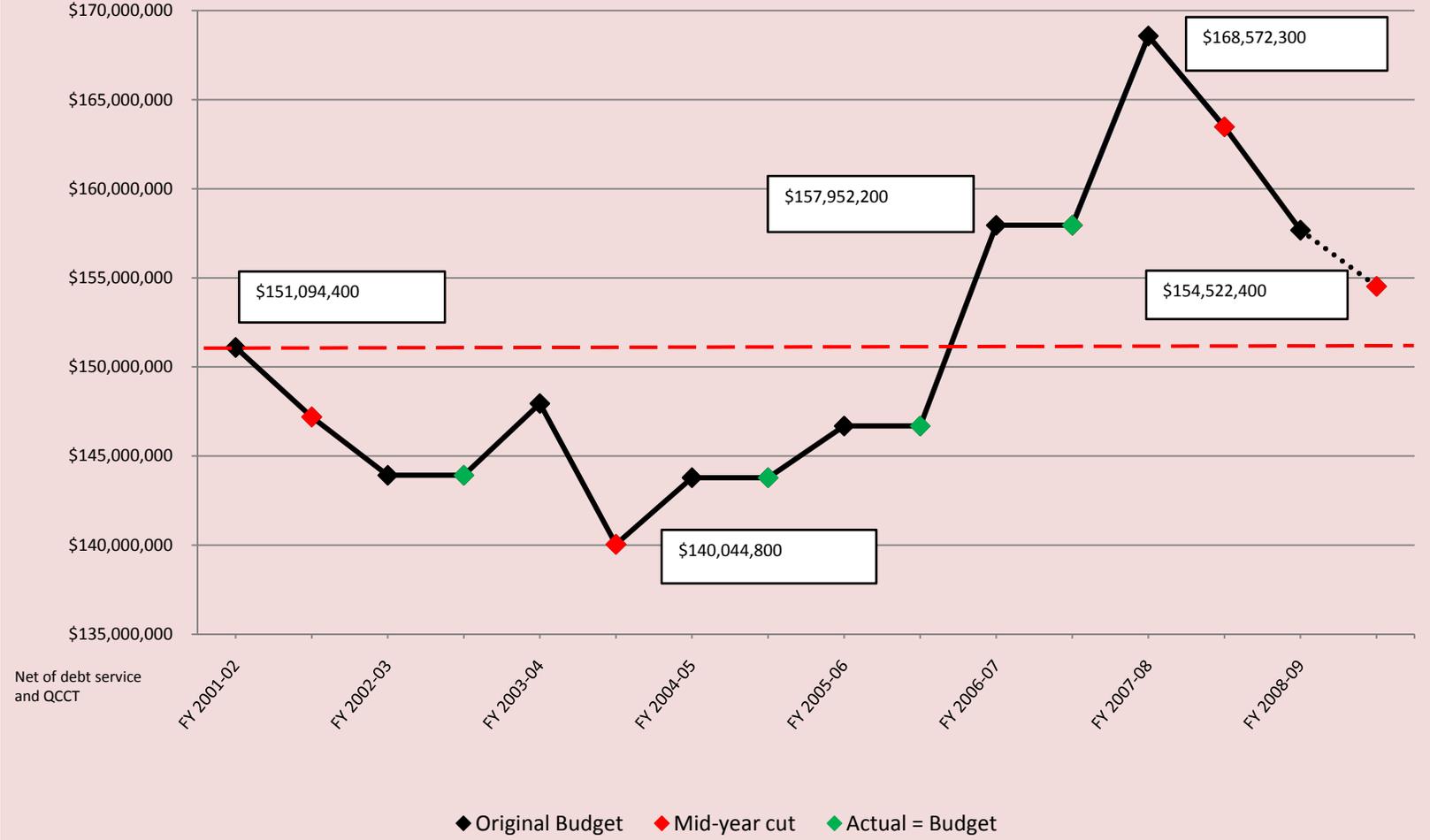
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Cumulative Total
Recurring FY 2002	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$27.0)
Nonrecurring FY 2002	(\$3.9)									(\$3.9)
Recurring FY 2003		(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$3.0)	(\$24.0)
Recurring FY 2004			(\$3.1)	(\$3.1)	\$0.0 a.	\$0.0	\$0.0	\$0.0	\$0.0	(\$6.2)
Nonrecurring FY 2004			(\$7.9)							(\$7.9)
Nonrecurring FY 2008							(\$5.1)			(\$5.1)
Recurring FY 2009								(\$10.0)	(\$10.0)	(\$20.0)
Probable Nonrecurring FY 2009 @ 2%								(\$3.2)		(\$3.2)
Probable Recurring FY 2010 @ 4%									(\$6.3) b.	(\$3.2)
	(\$6.9)	(\$6.0)	(\$17.0)	(\$9.1)	(\$6.0)	(\$6.0)	(\$11.1)	(\$19.2)	(\$19.2)	(\$100.4)

Footnotes:

a. The Recurring Reduction from FY 2004-05 was restored in FY 2005-06.

b. The projected FY 2009-10 Recurring Reduction is predicated on 4% of the FY 2009-10 Budget of the Commonwealth as enacted and signed into law.

Uof L Net State Appropriation 2001-02 through 2008-09





Tuition Discussion - CPE

Solid Results: A Decade of Progress

	1998	2002	2008
Average ACT score for all entering freshmen	21.4	23.2	24.4
Freshmen retention rate	71.2 %	77.1 %	77.7 %
6-year graduation rate	30.1 %	33.0 %	45.7 %
Undergraduate degrees awarded	1,734	1,849	2,298
Doctoral degrees awarded	76	90	151
Number of students living on campus	1,725	2,363	3,135
Endowed chairs and professorships	35	87	131
Endowment	\$317.0 M	\$478.9 M	\$719.4 M
Startup companies (cumulative)	1	6	22
Patents (cumulative)			
Applications filed	9	89	432
Formal patents issued	15	29	63
License option agreements (cumulative)	17	30	73
Research expenditures	\$39.1 M	\$80.9 M	\$148.9 M

2009-10 Tuition Setting Process

Observations from Policy Relevant Data

Kentucky Community and Technical College System

Affordability

- In academic year 2008-09, annual resident tuition and mandatory fees at KCTCS totaled \$3,630 (calculated by multiplying the system's per credit hour charge by 30 semester hours). Between 1998-99 and 2008-09, tuition at KCTCS more than tripled, increasing at an average annual rate of 12.3 percent.
- In 2006-07, KCTCS's tuition and fees for full-time residents (\$3,270) ranked highest among 16 SREB states. That level of student charges was \$1,222 higher than, or 160 percent of, the SREB average (\$2,048).
- In academic year 2007-08, resident tuition and required fees at community colleges in Kentucky ranked 10th highest nationally and were 126 percent of the U.S. average. That same year, two-year college average tuition and fees as a percent of median family income ranked fourth highest nationally.
- In 2005-06, the median net price of attendance at KCTCS among full-time, resident undergraduates who completed and filed a FAFSA was \$5,952. The net price paid among this group of KCTCS students was higher than the net price paid among similar groups of students at many of Kentucky's comprehensive universities, including EKU (\$4,871), KSU (\$4,310), Morehead (\$3,399), and Murray (\$5,937). However, the majority of KCTCS students (55 percent in fall 2007) do not complete a FAFSA.
- That same year, the median family income of KCTCS students who completed and filed a FAFSA was \$23,900, by far the lowest median income profile among similar groups of students attending other Kentucky public postsecondary institutions. This means that, on average, students from this group paid about 25 percent of their reported family income to attend KCTCS in 2005-06. However, the majority of KCTCS students (55 percent in fall 2007) do not complete a FAFSA.
- According to *Measuring Up 2008*, net college cost at KCTCS was 21 percent of median family income. Kentucky ranked 13th most affordable among the fifty states on this measure, and was more affordable than the national average. According to *Measuring Up 2006*, Kentucky was 33rd most affordable.

Access

- During fall semester 2007, full-time equivalent enrollment at KCTCS was 46,357. Between fall 2004 and 2007, the system's FTE enrollment increased by 429 students or .9 percent. The average annual increase in FTE enrollment for the period was .3 percent.
- The average annual increase in headcount enrollment at Kentucky's two-year colleges during the first five years of postsecondary education reform (i.e., from 1997 to 2002) was 12.9 percent. Enrollment growth slowed during the second five years of reform (i.e., from 2002 to 2007), averaging 4.1 percent per year. The growth in enrollment in 2007 was 7.3 percent.
- Between fall 1998 and fall 2007, KCTCS's headcount enrollment increased by 80 percent, to 92,828. The average annual increase during this period was 8.9 percent.

Productivity

- In 2006, KCTCS's median full-time retention rate was 57 percent. The system's median retention rate remained unchanged between 2003 and 2006.
- During academic year 2005-06, KCTCS's three-year persistence rate was 49.4 percent. Between 1998 and 2006, the system's persistence rate increased by 2.1 percentage points, from 47.3 percent to 49.4 percent.
- KCTCS awarded 6,481 associate degrees and 12,188 certificates during academic year 2006-07. Between 2001 and 2007, the number of associate degrees awarded increased by 2,721 awards or 72 percent and the number of certificates awarded increased by 10,349 or 563 percent.

Funding Adequacy

- In 2006-07, KCTCS's appropriations and tuition and fee revenue per full-time equivalent student totaled \$7,762 and ranked third highest among 16 SREB states (2006-07 SREB Fact Book). This level of appropriations and tuition revenue per student was 114 percent of the SREB average (\$6,820).
- That same year, the system's appropriations per FTE totaled \$4,303 and ranked eighth among SREB states. KCTCS's appropriations per student were 95 percent of the SREB average in 2006-07 (\$4,540).
- Between 2004-05 and 2007-08, KCTCS's net General Fund appropriations per FTE increased at an average annual rate of 5.7 percent and its gross tuition revenue per FTE grew at an average rate of 7.7 percent. Over the same period, inflation measured by HECA grew by 3.3 percent.
- Between fiscal years 1998 and 2009, Total Public Funds per FTE at Kentucky's two-year colleges are expected to grow from \$6,413 to \$8,377, or an average annual increase of 2.5 percent when adjusted for inflation. The general fund portion of public funds increased from \$4,301 to \$4,636 (a 7.8 percent gain), while the tuition and fee revenue portion is expected to grow from \$2,112 to \$3,650 (an increase of 72.8 percent).
- Between 1999-00 and 2008-09, KCTCS's inflation-adjusted net General Fund appropriation per FTE student decreased from \$7,281 to \$4,636, a decrease of 36.3 percent. Over the same time period, the system's inflation-adjusted net public funds (state general fund plus tuition and fees) revenue per FTE student decreased from \$9,585 to \$8,377, a decrease of 12.6 percent.

Fixed Costs

- Between 1998-99 and 2009-10, KCTCS fixed costs (as defined by CPE) increased by more than \$111 million.
- Between 1998-99 and 2009-10, KCTCS fixed costs, personnel costs (salary increases and new positions due to enrollment increases), and institutional financial aid increased by more than \$223 million.
- See the attached fixed costs template for details.

Progress toward Strategic Goals

- See the attached *KCTCS - A Decade of Significant Progress* for details.

Incremental Increases in E&G Costs for FY 1997-98 to 2008-09 KCTCS											
	Years 1998-99	Years 1999-00	Years 2000-01	Years 2001-02	Years 2002-03	Years 2003-04	Years 2004-05	Years 2005-06	Years 2006-07	Years 2007-08	Cumulative Total
Current E&G Fixed Costs											
Maintenance and Operations(1)	2,661,300	4,650,800	6,487,300	5,789,800	10,466,100	7,284,600	5,480,800	6,187,400	7,087,900	2,466,100	61,093,000
Personnel Costs (2)	1,211,400	1,295,900	1,369,600	1,378,500	1,614,200	1,666,400	1,767,500	1,944,200	1,963,100	1,976,200	18,176,400
Employee Benefits (3)	2,147,500	2,218,200	2,282,700	2,321,500	2,384,100	2,618,900	2,659,000	2,710,300	2,759,800	2,750,400	27,593,400
Mandated Tuition Waivers	119,400	138,000	161,900	213,300	281,900	331,600	454,100	543,800	624,500	663,600	4,237,200
TOTAL Fixed Costs	6,139,600	8,302,900	10,301,500	9,703,100	14,746,300	11,901,500	10,361,400	11,385,700	12,435,300	7,856,300	111,100,000
Other E&G Costs (Not Fixed)											
Total Institutional Financial Aid (4)											
Merit	29,300	33,800	39,600	80,000	48,100	40,400	50,700	83,500	88,900	94,200	688,300
Need-based	397,000	458,700	538,100	829,800	981,300	1,431,500	1,449,800	1,516,400	1,650,400	1,750,300	12,859,500
Athletic											
Personnel Costs (5)	8,151,800	8,556,300	8,572,500	7,722,100	8,798,400	9,363,800	11,263,000	14,430,600	14,151,300	840,900	98,785,100
TOTAL Other E&G Costs	8,578,100	9,048,800	9,150,200	8,631,900	9,827,800	10,835,700	12,763,500	16,030,500	15,890,600	2,685,400	112,332,900
<p>(1) Includes energy costs, maintenance of E&G facilities, utilities, sewer, water, coal, property insurance, etc.</p> <p>(2) All costs associated with existing E&G personnel such as FICA, retirement benefits, etc. to maintain current services at current benefit levels</p> <p>(3) All costs not associated with salary increases such as workers comp, unemployment, disability, health insurance, etc. for existing personnel (or retirees) at current benefit levels PLEASE NOTE: Choose a snapshot for personnel to define "existing personnel" that concurs with your budgeting processes</p> <p>(4) Additional aid provided to balance coverage due to tuition increases</p> <p>(5) Personnel costs due salary increases of existing personnel (and vacant positions in FY 04 as of snapshot), and new personnel due to increased enrollments</p>											

KCTCS – A Decade of Significant Progress

	1998 – 2000	2008	Change
Campuses providing services	51	67	31%
Enrollment	51,647	92,828	80%
Minority enrollment	6,600	9,536	45%
Dual credit enrollment	701	16,341	15,640
Online enrollment	3,018	23,802	20,784
Associate degrees awarded	3,609	6,485	80%
Credentials awarded	4,149	22,782	18,633
Endowment	\$14.8 million	\$27.8 million	88%
Financial assistance to students	\$50 million	\$258 million	\$208 million

Other Accomplishments:

- Consolidated 29 separate colleges into 16 comprehensive community and technical colleges
- Secured 438 grants worth \$70 million in 2008
- Awarded 21,121 Kentucky Employability Certificates since 2003
- Developed KCTCS Online, offering full degree programs online
- Established North American Racing Academy, the first such program in the US
- Established Kentucky Coal Academy to respond to the needs of the coal industry



**Council on Postsecondary Education
January 16, 2009**

Fall 2008 Enrollment

Official enrollment for the fall 2008 semester from the public universities show a modest enrollment increase of slightly less than 1 percent (.9 percent) with overall growth of undergraduates (1.2 percent increase over fall 2007) and a decline in the number of graduate students (9 percent less than fall 2007). Overall, this is a record for enrollment at the state universities. Kentucky State University, Morehead State University, and Murray State University saw small drops in enrollment compared to fall 2007. Western Kentucky University had the largest enrollment growth with 2.6 percent more students than fall 2007.

Official enrollment for the fall 2008 semester is not yet available from KCTCS due to changes in the process used to collect and verify data files from the institutions. The KCTCS official numbers will be available for distribution at the January 16 Council meeting. Data from the independent institutions are not yet finalized and will not be available until later in the spring term.

The report distributed at the Council meeting will provide enrollment information in more detail, including breakouts by level, full- and part-time status, and residency status, as well as detailed information about the entering class of fall 2008. Additional enrollment breakdowns will be available as requested.

Total Headcount Enrollment by Level

Kentucky Public Institutions
Fall 1999 - Fall 2008

Institution/Level	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	One Year (07-08)
											Percent Change
Universities											
Eastern Kentucky University											
Undergraduate	13,274	12,909	13,023	13,053	13,567	13,837	13,942	13,623	13,659	13,839	1.3
Graduate	1,914	1,748	1,890	2,195	2,384	2,346	2,277	2,140	2,180	2,192	0.6
Total Headcount	15,188	14,657	14,913	15,248	15,951	16,183	16,219	15,763	15,839	16,031	1.2
Kentucky State University											
Undergraduate	2,277	2,129	2,165	2,107	2,138	2,183	2,228	2,341	2,510	2,497	(0.5)
Graduate	116	125	149	146	168	152	158	159	186	162	(12.9)
Total Headcount	2,393	2,254	2,314	2,253	2,306	2,335	2,386	2,500	2,696	2,659	(1.4)
Morehead State University											
Undergraduate	6,645	6,755	7,268	7,712	7,929	7,762	7,549	7,515	7,625	7,487	(1.8)
Graduate	1,526	1,572	1,759	1,678	1,580	1,531	1,513	1,510	1,441	1,494	3.7
Total Headcount	8,171	8,327	9,027	9,390	9,509	9,293	9,062	9,025	9,066	8,981	(0.9)
Murray State University											
Undergraduate	7,299	7,492	7,776	8,088	8,385	8,371	8,585	8,607	8,361	8,179	(2.2)
Graduate	1,615	1,649	1,872	1,832	1,715	1,757	1,689	1,697	1,795	1,843	2.7
Total Headcount	8,914	9,141	9,648	9,920	10,100	10,128	10,274	10,304	10,156	10,022	(1.3)
Northern Kentucky University											
Undergraduate	10,672	10,859	11,288	12,164	12,223	12,070	12,107	12,668	12,725	13,030	2.4
Graduate	746	871	884	1,107	1,196	1,272	1,335	1,447	1,538	1,508	(2.0)
First-Professional	358	371	376	472	526	579	583	523	544	571	5.0
Total Headcount	11,776	12,101	12,548	13,743	13,945	13,921	14,025	14,638	14,807	15,109	2.0
University of Kentucky											
Undergraduate	16,847	16,899	17,284	17,878	18,190	18,492	18,732	19,328	18,830	18,988	0.8
Graduate	4,822	4,837	5,399	5,767	5,881	5,825	5,485	5,584	5,543	5,554	0.2
Post-Doctoral	209	256	240	232	284	295	224	282	228	248	8.8
First-Professional	1,397	1,380	1,365	1,388	1,408	1,427	1,485	1,506	1,543	1,558	1.0
House Staff	467	480	503	476	497	506	513	509	504	565	12.1
Total Headcount	23,742	23,852	24,791	25,741	26,260	26,545	26,439	27,209	26,648	26,913	1.0
University of Louisville											
Undergraduate	14,710	14,477	14,131	14,475	14,724	14,933	15,057	15,103	15,125	15,495	2.4
Graduate	4,168	4,374	4,302	4,677	4,795	4,802	4,667	4,655	4,469	4,187	(6.3)
Post-Doctoral	74	84	136	87	90	124	126	145	149	118	(20.8)
First-Professional	1,256	1,253	1,271	1,281	1,306	1,301	1,329	1,350	1,372	1,370	(0.1)
House Staff	585	580	554	569	549	565	581	588	574	591	3.0
Total Headcount	20,793	20,768	20,394	21,089	21,464	21,725	21,760	21,841	21,689	21,761	0.3

Total Headcount Enrollment by Level
Kentucky Public Institutions
Fall 1999 - Fall 2008 (continued)

Institution/Level	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	One Year (07-08) Percent Change
Western Kentucky University											
Undergraduate	12,921	13,272	14,135	15,234	15,798	15,846	15,978	16,067	16,508	16,966	2.8
Graduate	2,202	2,244	2,444	2,584	2,593	2,667	2,667	2,597	2,757	2,795	1.4
Total Headcount	15,123	15,516	16,579	17,818	18,391	18,513	18,645	18,664	19,265	19,761	2.6
Total Universities											
Undergraduate	84,645	84,792	87,070	90,711	92,954	93,494	94,178	95,252	95,343	96,481	1.2
Graduate	17,109	17,420	18,699	19,986	20,312	20,352	19,791	19,789	19,909	19,735	(0.9)
Post-Doctoral	283	340	376	319	374	419	350	427	377	366	(2.9)
First-Professional	3,011	3,004	3,012	3,141	3,240	3,307	3,397	3,379	3,459	3,499	1.2
House Staff	1,052	1,060	1,057	1,045	1,046	1,071	1,094	1,097	1,078	1,156	7.2
Total Headcount	106,100	106,616	110,214	115,202	117,926	118,643	118,810	119,944	120,166	121,237	0.9
Kentucky Community and Technical College System											
	52,842	59,415	70,913	76,082	80,695	81,990	84,931	86,475	92,828	*	
Total Public Institutions											
Undergraduate	137,487	144,207	157,983	166,793	173,649	175,484	179,109	181,727	188,171	*	
Graduate	17,109	17,420	18,699	19,986	20,312	20,352	19,791	19,789	19,909	*	
Post-Doctoral	283	340	376	319	374	419	350	427	377	*	
First-Professional	3,011	3,004	3,012	3,141	3,240	3,307	3,397	3,379	3,459	*	
House Staff	1,052	1,060	1,057	1,045	1,046	1,071	1,094	1,097	1,078	*	
Total Headcount	158,942	166,031	181,127	191,284	198,621	200,633	203,741	206,419	212,994	*	

*ENROLLMENT FOR KCTCS WILL BE AVAILABLE AT THE JANUARY 16 COUNCIL MEETING.

Notes: Lexington Community College is included in KCTCS.
 Graduate data include doctoral students.

Source: Council on Postsecondary Education Comprehensive Database.
 January 6, 2009

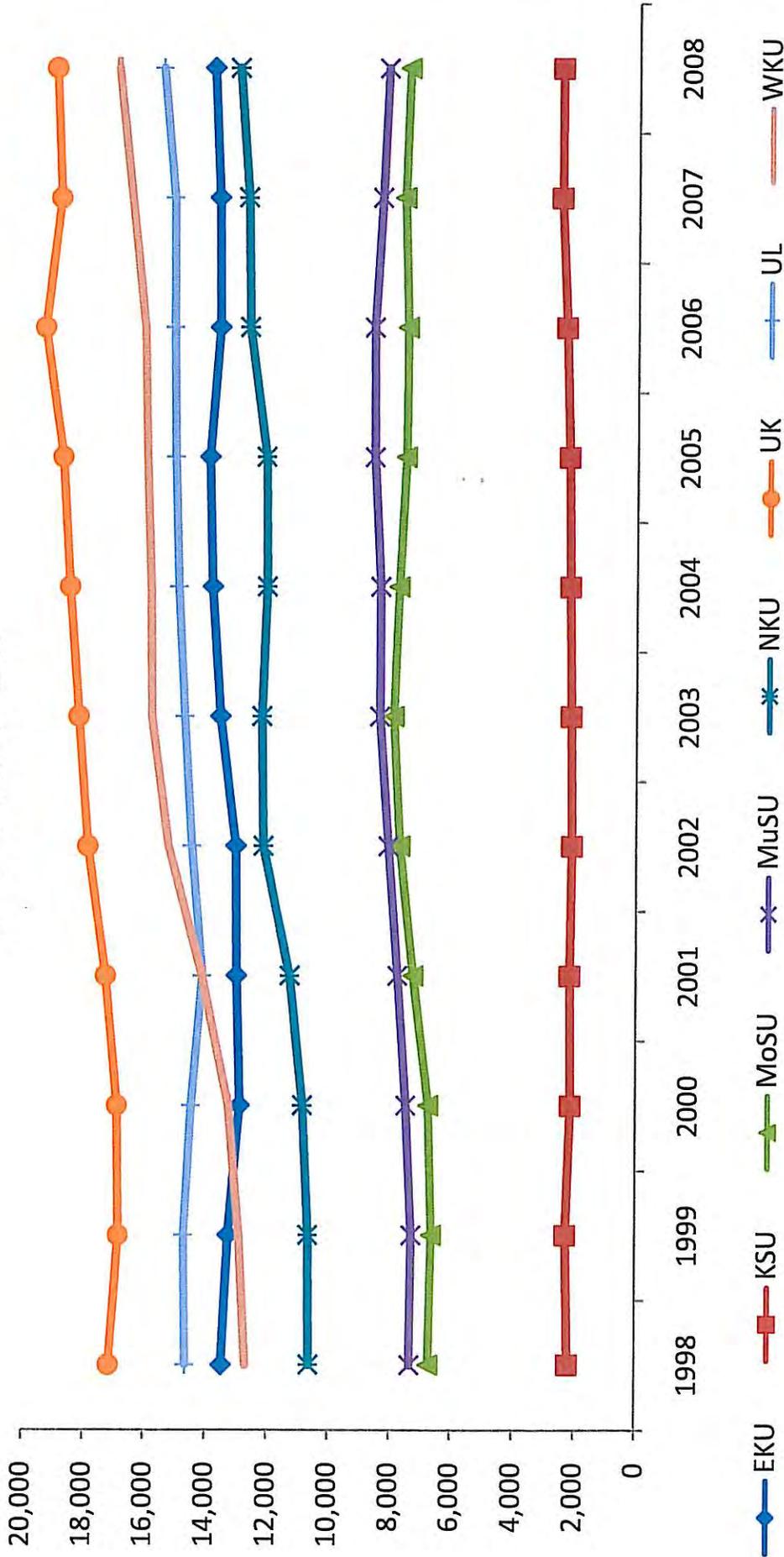
Enrollment Trends

Fall 2008

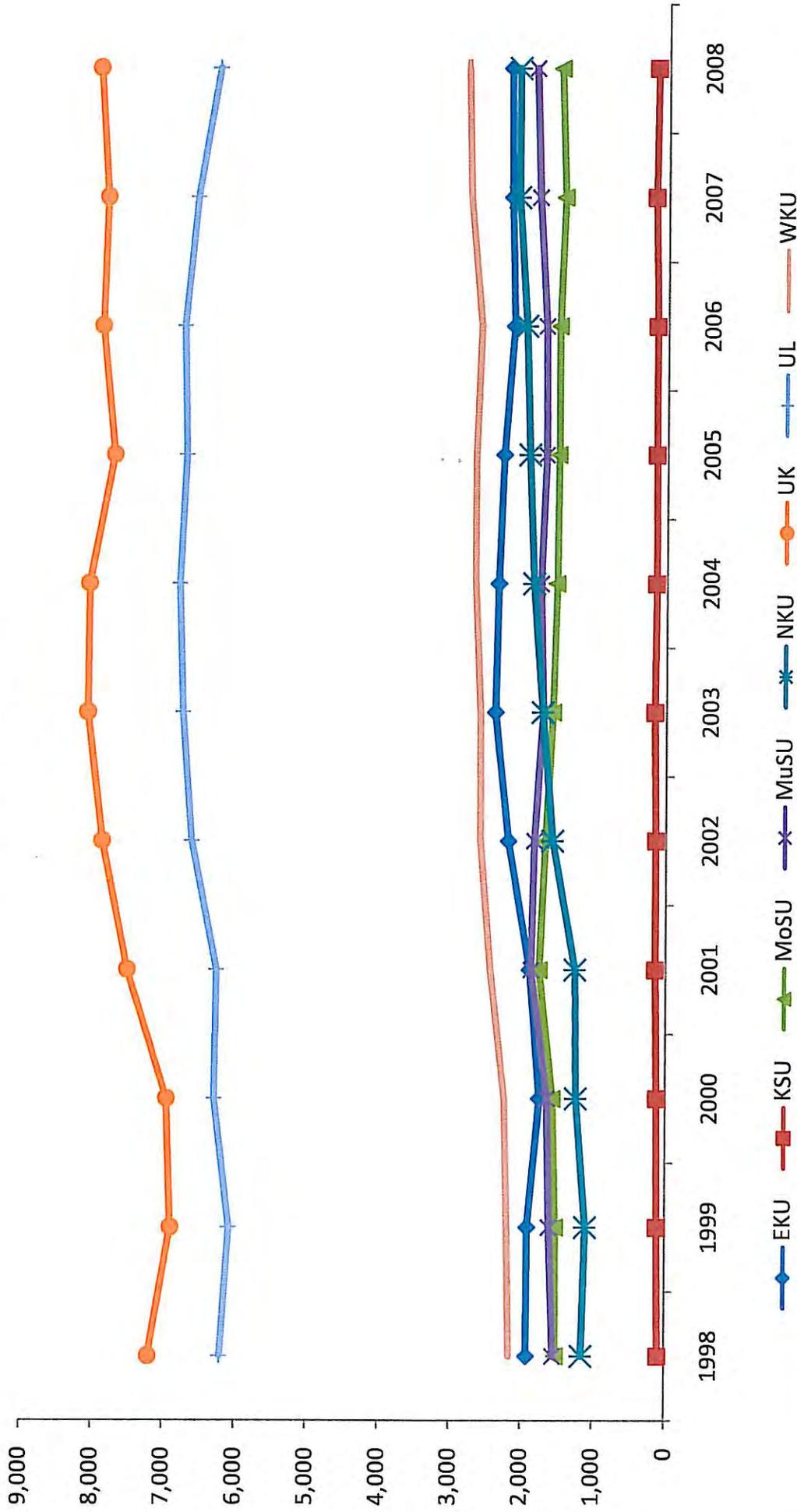


KENTUCKY COUNCIL ON
POSTSECONDARY EDUCATION

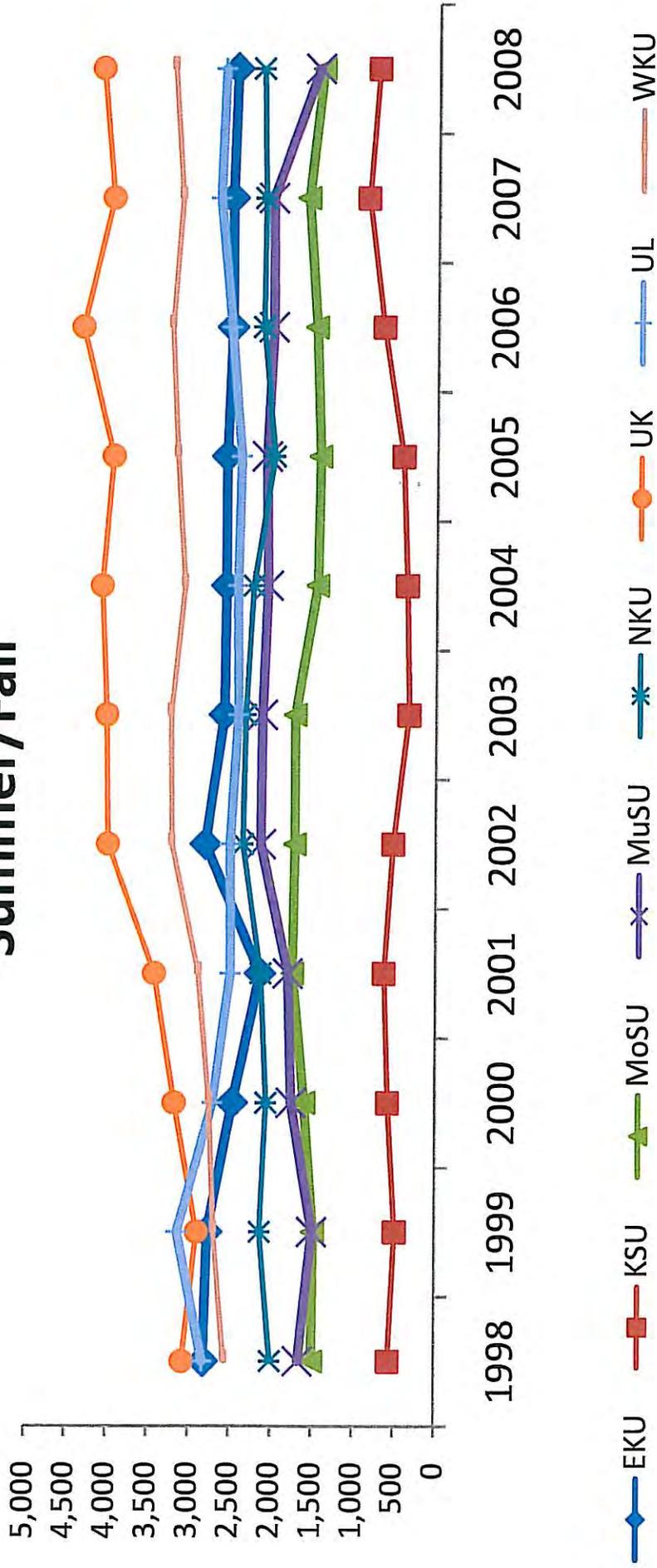
Undergraduate Enrollment Fall Headcount



Graduate Enrollment Fall Headcount

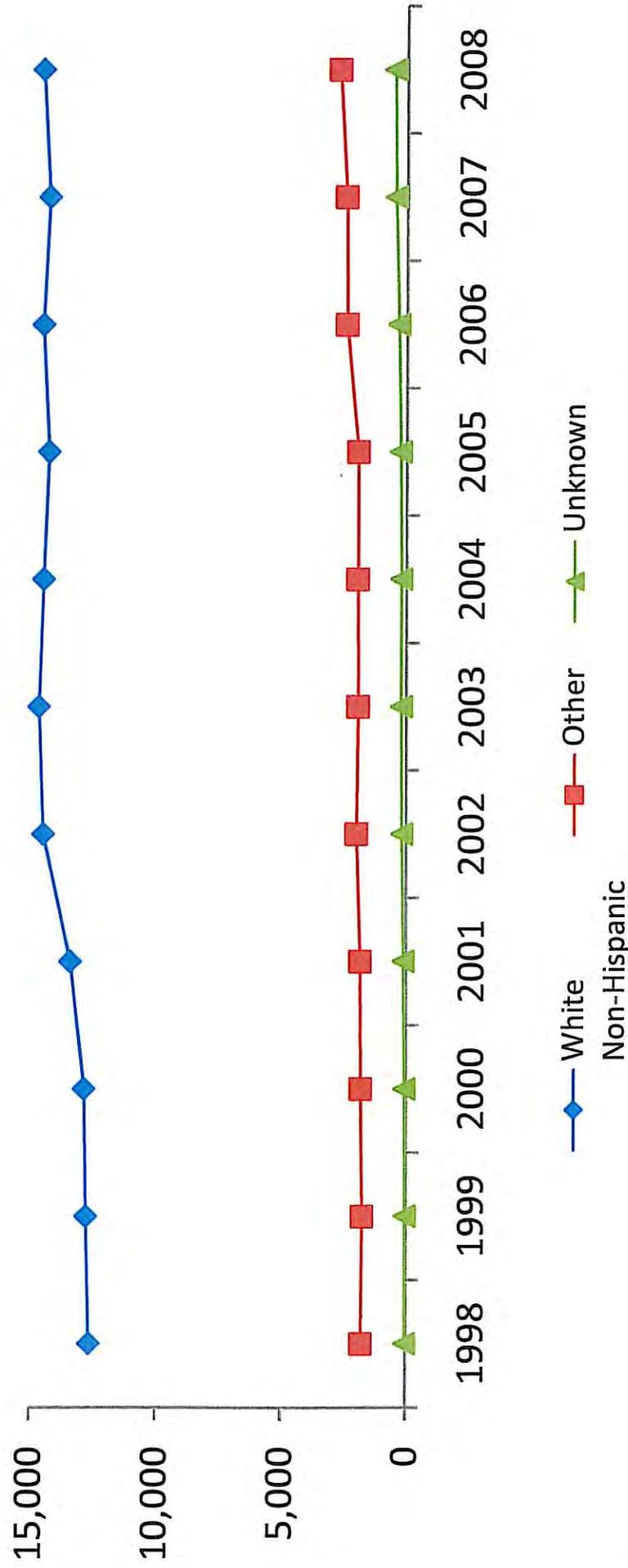


First Time Undergraduate Enrollment Summer/Fall

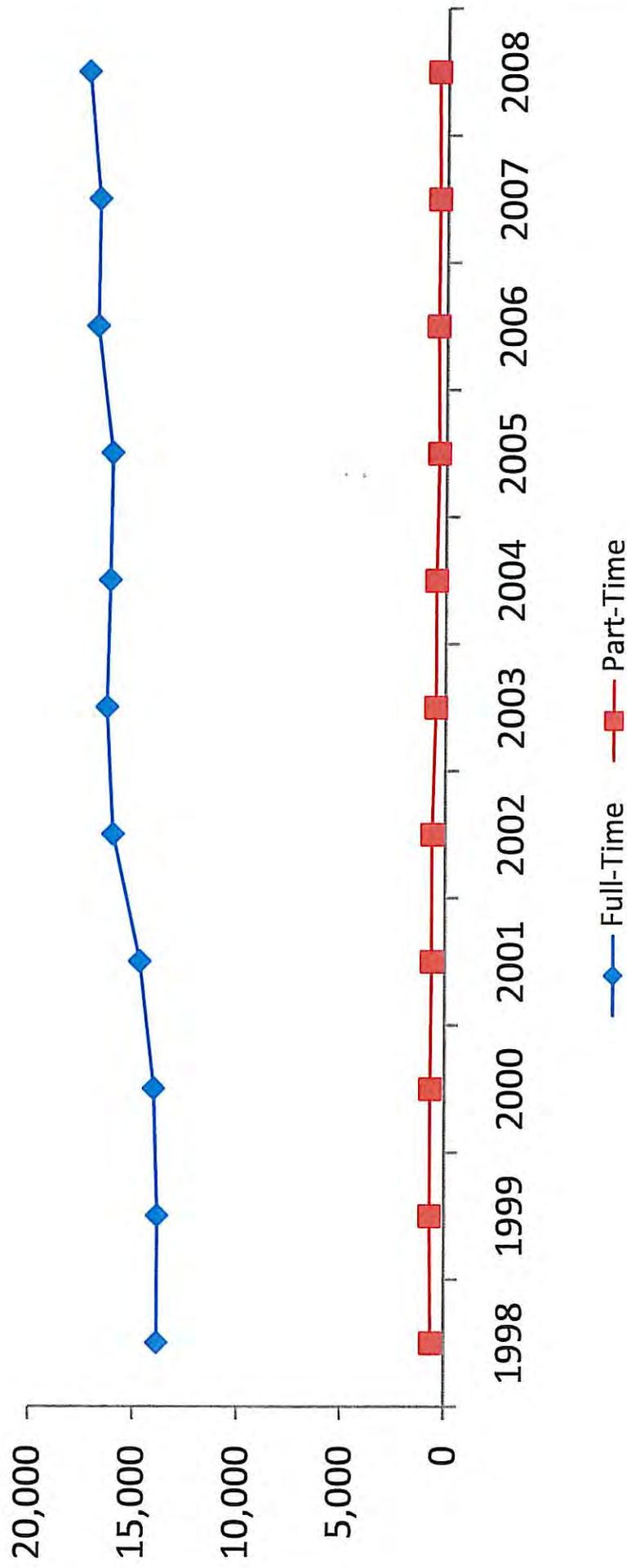


First Time Freshmen by Race/Ethnicity

Fall Semester Headcount - Four Year Institutions

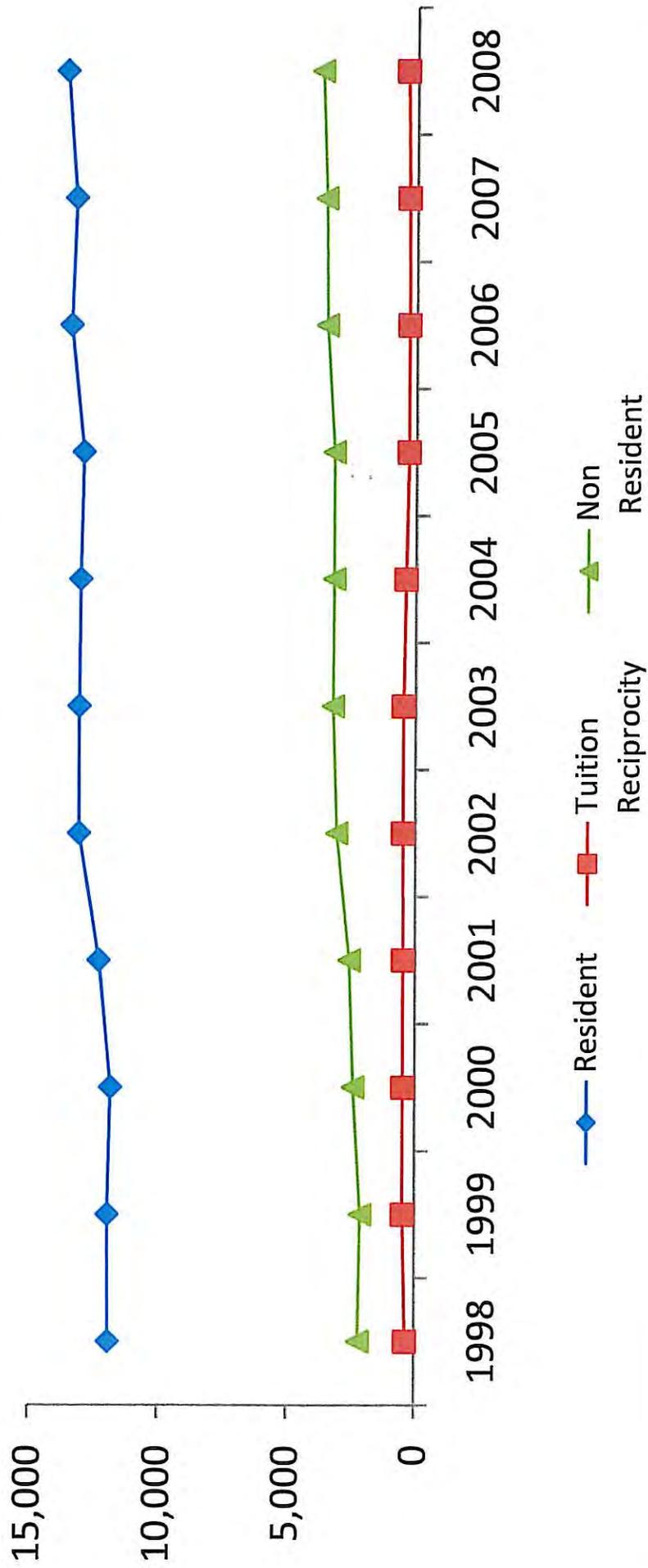


First Time Freshmen by Full-Time/Part-Time Fall Semester Headcount - Four Year Institutions



First Time Freshmen by Residency

Fall Semester Headcount - Four Year Institutions



Council on Postsecondary Education
January 16, 2009

Committee on Equal Opportunities Report

The Committee on Equal Opportunities met December 4, 2008, and January 6, 2009. Following is the status of initiatives, recurring activities, and discussions related to the implementation of the Kentucky Plan for Equal Opportunities, diversity plan development, the Partnership with the U.S. Department of Education Office for Civil Rights, and the Committee on Equal Opportunities.

- CPE chair John Turner appointed new members to the CEO in December 2008 – Mr. Abraham Williams, executive director of the Bowling Green Housing Authority, and Mr. Carl Rollins, State Representative from the 56th District (Fayette, Woodford, and Franklin Counties).
- The CEO met January 6, 2009, to review the proposed Plan of Action to develop a statewide diversity plan. The CEO recommendation is included as a separate item in the CPE agenda. The committee anticipates fast-tracking the planning process to conclude with the presentation of a plan to the CPE in January 2010.
- The committee agreed that in the event a final status report on the partnership is issued by the OCR, chair Phyllis Maclin should issue a brief statement regarding its significance and identify the equal opportunity process that will be followed until the diversity plan is completed, adopted by the CPE, and implemented.
- The CEO held a special called meeting December 4, 2008, to receive input from the Advisory Conference of Presidents regarding the planning process for developing the Commonwealth's new diversity plan. A subcommittee of the presidents provided the CEO a number of suggestions that may aid in plan development and shorten the timeframe for completing the work. Examples of suggestions:
 - The committee should clearly define the concept of diversity.
 - The plan should include a vision statement that translates into a diversity blueprint.
 - The plan should include a clear statement of core values and beliefs that will easily translate to strategic principles/priorities.
 - The CEO should take this opportunity to redefine its role and its work to be more compatible with the concept of diversity planning while not undermining the original intent of plan development/implementation/oversight.
- The CEO will decide at its February 16 meeting whether to postpone campus visits while developing the diversity plan.
- The CEO meeting schedule for calendar year 2009 is February 16, April 21, June 16, August (retreat), and October 13.

**Council on Postsecondary Education
January 16, 2009**

Action Plan for Diversity Plan Development

ACTION: The staff recommends that the Council accept the CEO Action Plan to develop a statewide diversity plan.

At its September 2008 meeting, the Council accepted a research report from the Civil Rights Project of the University of California at Los Angeles and directed the Committee on Equal Opportunities, in collaboration with the institutions, to develop and submit to the Council at its January 2009 meeting a plan of action to develop a statewide diversity plan. Specifically, the committee was directed to examine the research report and, in collaboration with the universities and the community and technical college system, identify the major elements, actions, and timeline to develop a diversity plan.

The CEO, in collaboration with the presidents, institution equal opportunity representatives and general counsels, and others, created an action plan to develop a statewide approach to diversity planning. The CEO will establish two work groups, appointed by its chair, to facilitate the diversity plan development process. The action plan is presented below for CPE review and action.

Major elements of the diversity plan:

1. Introduction, Background, and History
2. Mission (Committee on Equal Opportunities)
3. Vision Statement
4. Core Beliefs and Values
5. Diversity Defined
6. "Discrimination" and "Preferential Treatment" Defined
7. Plan Oversight
8. Plan Objectives
9. Follow Up and Revisions

Timeline and planned activities:

1. January 16, 2009 – Provide the Council an action plan to develop a statewide diversity plan including major elements, collaboration with constituents, and other resources.
2. May 22, 2009 – Present to CPE recommendations and a summary of major findings to support plan development including mission, vision, core values and beliefs, and definition of diversity.
3. September 10, 2009 – Share with the CPE a draft of the statewide diversity plan for public colleges and universities in Kentucky.
4. November 6, 2009 – Share with the CPE a final draft of the statewide diversity plan.
5. January 2010 – Submit the statewide diversity plan to the CPE for its review and action.

Collaborators providing input for plan development (this list may be expanded):

1. Conference of Presidents Advisory Group
2. Institution General Counsels
3. Institution Equal Opportunity Representatives
 - o Regional Stewardship Advisory Groups
 - o Chief Academic Officers
 - o Student Advisory Councils (Chris Crumrine)
4. The Governor's Higher Education Work Group (College Access)
5. Executive Branch of Government
 - o Governor's Office
6. Legislative Branch of Government
7. Adult Education Providers
8. Kentucky Department of Education
9. University Diversity Committees (Campus Environment Teams)
10. Kentucky Education Professional Standards Board

Other resources available to assist with plan development (this list may be expanded):

1. Kentucky State Data Center (UofL)
2. Kentucky Human Rights Commission
3. Civil Rights Organizations
 - o State Conference NAACP
 - o Kentucky Advisory Committee to the U.S. Commission on Civil Rights
 - o The Urban League
4. Kentucky Chamber of Commerce (Business Community)
5. Kentucky Association of Blacks in Higher Education
6. Organizations Representing Latino/Hispanic Interests
 - o Local/campus based organizations
 - o Regional organizations
7. The Prichard Committee
8. The U.S. Department of Education, Office for Civil Rights
9. National Postsecondary Education Organizations
 - o American Council on Education
 - o College Board Diversity Collaborative
 - o State Higher Education Executive Officers
 - o National Association of State Land Grant Colleges and Universities
 - o American Association of State Colleges and Universities

Upon review and action by the Council, the Committee on Equal Opportunities will begin implementation of the action plan to develop the statewide diversity plan. Regular status reports will be provided at each regularly scheduled meeting of the Council.

**Council on Postsecondary Education
January 16, 2009**

**Kentucky Plan for Equal Opportunities
2009 Degree Program Eligibility**

This assessment is an annual report card that describes institutional success in implementing strategies to achieve the objectives of the *1997-2002 Kentucky Plan for Equal Opportunities*.

Based on the success in enrolling, retaining, and hiring African Americans, fewer public postsecondary institutions qualified for the most favorable category of eligibility for new programs in 2009 (21) compared to 2008 (23). Six universities and 15 community and technical colleges qualify for automatic status in 2009 compared to all universities and 15 community and technical colleges in 2008.

Six universities are automatically eligible to propose new degree programs. One university received the quantitative and one university received the qualitative waiver status. Kentucky State University showed continuing progress on four of its seven Kentucky Plan objectives, while the University of Louisville showed continuing progress on all objectives. Eastern Kentucky University, Murray State University, Northern Kentucky University, and Western Kentucky University showed continuing progress on six of eight Kentucky Plan objectives while the University of Kentucky showed progress on seven objectives. Among the universities, the performance of six institutions declined while two institutions improved compared to their performance in 2008.

In the Kentucky Community and Technical College System, 15 colleges are automatically eligible to propose new degree programs, compared to 15 in 2008. No institution received the quantitative waiver, while one institution received the qualitative waiver status. The number of KCTCS colleges (1) falling into the qualitative (least desirable) category has been constant over the past three years.

Nine community and technical colleges (Bluegrass Community and Technical College, Bowling Green Technical College, Elizabethtown Community and Technical College, Gateway Community and Technical College, Henderson Community College, Hopkinsville Community College, Jefferson Community and Technical College, Owensboro Community and Technical College, and West Kentucky Community and Technical College) showed progress on all Kentucky Plan objectives.

Six community and technical colleges made progress on three Kentucky Plan objectives, no district showed continuous progress on two objectives, and one district made progress on one of the four objectives. Among the 16 colleges, three improved their performance, nine performed at the same level, and the performance of four decreased.

System Summary (campus level)

African Americans make up 5.6 percent of total black and white faculty (426 of 7,620) in the public postsecondary system including 5.4 percent (301 of 5,595) at traditionally white four-year institutions, 4.0 percent (76 of 1,884) at the community and technical colleges, and 34.8 percent (49 of 141) at Kentucky State University. Proportionately, African American faculty has the greatest representation (percent) at Kentucky State University, while numerically the University of Louisville employs the most. Over time, the University of Louisville has shown the greatest degree of consistency and progress in this area when compared to the performance of other Kentucky institutions.

African Americans make up 9.2 percent of total black and white executive, administrative, and managerial staff (125 of 1,357) in the postsecondary system including 6.1 percent (67 of 1,108) at traditionally white four-year institutions, 11.2 percent (23 of 205) at community and technical colleges, and 79.6 percent (35 of 44) at Kentucky State University.

African Americans make up 7.9 percent of total black and white professional staff (637 of 8,123) in the postsecondary system including 6.5 percent (465 of 7,148) at traditionally white four-year institutions, 10.6 percent (91 of 856) at community and technical colleges, and 68.1 percent (81 of 119) at Kentucky State University.

Following review of the evaluation results by the Committee on Equal Opportunities (February 16, 2009), the degree program eligibility status reports will be forwarded to the institutional presidents.

**POSTSECONDARY SYSTEM SUMMARY
DEGREE PROGRAM ELIGIBILITY STATUS
CALENDAR YEAR 2009**

The eligibility status of the institutions is determined through the application of the administrative regulation (13 KAR 2:060).

Postsecondary system performance

Eligibility Category	Universities		Community & Technical Colleges		Total	
	2009	2008	2009	2008	2009	2008
Automatic	6	8	15	15	21	23
Quantitative Waiver	1	0	0	0	1	0
Qualitative Waiver	1	0	1	1	2	1
Not Eligible	0	0	0	0	0	0
Total	8	8	16	16	24	24

Performance by universities

Institution	Objectives Showing Continuous Progress	Total Objectives Evaluated	Degree Program Eligibility Status	
			2009	2008
Eastern Kentucky University	6	8	Automatic	Automatic
Kentucky State University	4	7	Quantitative	Automatic
Morehead State University	4	8	Qualitative	Automatic
Murray State University	6	8	Automatic	Automatic
Northern Kentucky University	6	8	Automatic	Automatic
University of Kentucky	7	8	Automatic	Automatic
University of Louisville	8	8	Automatic	Automatic
Western Kentucky University	6	8	Automatic	Automatic

Notes:

Universities (except Kentucky State University) have eight equal opportunity objectives. Kentucky State University has seven objectives (the objective related to enrollment of graduate students does not apply to KSU).

Automatic eligibility equals continuous progress in at least six of eight objectives. KSU is at least five of seven objectives.

Quantitative waiver equals continuous progress in five of eight objectives. New degree programs must be implemented under the waiver provisions during calendar year 2009. KSU is four of seven objectives.

Qualitative waiver equals continuous progress in four or fewer of eight objectives. New degree programs must be implemented under the waiver provisions during calendar year 2009. KSU is three or fewer of seven objectives.

INSTITUTIONAL DEGREE PROGRAM ELIGIBILITY CALENDAR YEAR 2009

The eligibility status of the institutions is determined through the application of the administrative regulation (13 KAR 2:060).

Performance by KCTCS Colleges

Institution	Objectives Showing Continuous Progress	Total Objectives Evaluated	Degree Program Eligibility Status	
			2009	2008
Kentucky Community and Technical College System			2009	2008
Ashland Community & Technical College	1	4	Qualitative	Automatic
Big Sandy Community & Technical College	3	4	Automatic	Automatic
Bluegrass Community & Technical College	4	4	Automatic	Automatic
Bowling Green Technical College	4	4	Automatic	Automatic
Elizabethtown Community & Technical College	4	4	Automatic	Automatic
Gateway Community & Technical College	4	4	Automatic	Automatic
Hazard Community & Technical College	3	4	Automatic	Automatic
Henderson Community College	4	4	Automatic	Automatic
Hopkinsville Community College	4	4	Automatic	Automatic
Jefferson Community & Technical College	4	4	Automatic	Automatic
Madisonville Community College	3	4	Automatic	Automatic
Maysville Community & Technical College	3	4	Automatic	Automatic
Owensboro Community & Technical College	4	4	Automatic	Automatic
Somerset Community College	3	4	Automatic	Automatic
Southeast KY Community & Technical College	3	4	Automatic	Qualitative
West KY Community & Technical College	4	4	Automatic	Automatic

Notes:

The community and technical colleges have four equal opportunity objectives.

Automatic eligibility equals continuous progress in at least three of four objectives.

Quantitative waiver equals continuous progress in two of four objectives. New degree programs must be implemented under the waiver provisions during the 2009 calendar year.

Qualitative waiver equals continuous progress in zero or one of four objectives. New degree programs must be implemented under the waiver provisions during the 2009 calendar year.

January 7, 2009

**Council on Postsecondary Education
January 16, 2008**

**Regional Stewardship Program Regional Grants
Eastern Kentucky University**

ACTION: The staff recommends that the Council approve the regional strategic plan and regional grant proposal submitted by Eastern Kentucky University and authorize the university to expend its fiscal year 2008 regional grant funds.

At the May 23, 2008, meeting, the Council granted Eastern Kentucky University \$300,000 in fiscal year 2008 regional grant money on the condition that the money not be expended until the university submitted a regional strategic plan that clearly demonstrates regional input and consensus, a revised regional grant proposal developed with input from the regional advisory committee and endorsed by the committee, and specific metrics of success in terms of both outputs and proposed outcomes in the region.

EKU has submitted a regional strategic plan (Attachment A) and a revised regional grant proposal (Attachment B) that was endorsed by the regional advisory committee (Attachment C). The university has provided metrics of success within its revised regional grant proposal, thus meeting the stipulations outlined at the May 23 Council meeting.



Eastern Kentucky University Regional Stewardship Program Strategic Plan

Prepared by:

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Section I

Background and Executive Summary

Background

The Commonwealth of Kentucky's Regional Stewardship Program has provided Eastern Kentucky University with an opportunity to increase and refocus its already significant level of regional engagement. At ECU's fall, 2008 Convocation, President Doug Whitlock announced that regional stewardship was to become one of three focal points of ECU's new strategic plan (with the other two being student success and the university's quality enhancement programs—see <http://www.mpc.eku.edu/convocation/>). As President Whitlock announced at the Convocation, ECU's Regional Stewardship Program is being designed to coordinate the three elements of ECU's mission: teaching; scholarship; and service. Thus, through regional stewardship initiatives, service to the communities within ECU's 22-county service region will, whenever possible, be combined with applied faculty research and student research. The products of that service and research will be brought back to the classroom to provide students with authentic applied learning opportunities. In addition, many of ECU's regional stewardship programs will be designed to include service learning for its students so that ECU students become more engaged with service region communities.

Without having put a label on it, Eastern Kentucky University has long maintained a rich and proud tradition of providing service to the region of the Commonwealth of Kentucky in which it is located and from which it has drawn its student body. From initially becoming the first Normal school created in Kentucky and educating the majority of the teachers who would return to their southeastern Kentucky communities in order to teach the children living there, to most recently renewing its 1920s commitment to southeastern Kentucky's beekeeping communities through its Apiforestation project (see Section IV of ECU's Regional Grant Funds Proposal, attached as Appendix A), ECU has been and remains committed to its mission of regional stewardship in accordance with its declaration of being a 22-county campus. ECU has submitted its credentials as an "engaged institution" to the Carnegie Foundation for the Advancement of Teaching. Within its application for elective classification, ECU identified more than 450 ongoing partnership activities, the majority of which both were regional and of a stewardship nature.

The Commonwealth of Kentucky's Regional Stewardship Program has also enabled ECU to institutionalize and more fully coordinate its campuses-wide programs designed to reach out to, and improve the quality of life within, ECU's 22-county service region. ECU has completed

substantial compliance of its regional stewardship infrastructure plan by appointing its first Director of Regional Stewardship and establishing its Office of Regional Stewardship, which is being advised both by its Regional Advisory Committee and its Faculty Advisory Committee.¹

Progress on all of the above, EKU's progress in its institutional alignment in support of its regional stewardship initiatives and program (see Section III, Goal 5 below), as well as EKU's regional stewardship key indicators, will be tracked through the utilization of Digital Measures software, which has been purchased and will be implemented between the present date and fall 2009.

EKU is in the process of exploring the establishment of a "Collaboration Center" with Morehead State University and all of the 2- and 4-year postsecondary education institutions located within the 44-county combined service regions of EKU and Morehead State University. Based upon the similar demographics and community-articulated needs of this 44-county region, it is contemplated that the postsecondary institutions would utilize the Collaboration Center to partner in spearheading regional stewardship initiatives to address those common regional needs. Those initiatives may include: entrepreneurship training directed toward both high school student and adult populations; grassroots leadership training, including community projects to be initiated and completed within the training program period, directed toward both youth and adult populations; wellness education programs directed toward youth, adult and senior populations; and a community connectivity project designed to provide end users with access to broadband capacity existing within most communities.

Executive Summary

The spirit of Eastern Kentucky University's strategic plan for its Regional Stewardship Program is one of collaboration through forged informal (and, sometimes, formal) partnerships. These partnerships have been, and will continue to be formed between EKU groups (composed of faculty, staff, and students) and groups of community members, organizations, agencies and other postsecondary institutions located within EKU's 22-county service region. Via these partnerships, EKU's resources and community resources will be marshaled through programs that will be initiated to address *community-articulated* needs. These programs will be oriented toward community capacity building with two goals: that they will become self-sustaining through the efforts of community members who will have been trained for that purpose; and that they will specifically be targeted toward the unique needs of each community within the service region, recognizing that "one size" indeed does not fit all.

¹ The composition of EKU's Regional Stewardship Advisory Committee is set forth on Appendix B.

Eastern Kentucky University strongly believes that regional stewardship must be a community-driven, rather than a university-driven, initiative. In order to determine the *community-articulated* needs of its service region, ECU's strategic planning process for its Regional Stewardship Program started with an assessment of those needs. The methodology used to assess community needs, as well as the data culled from the community needs assessment, is described in Section II below.

Following completion of the community needs assessment process, in collaboration with the communities located within its service region, its Regional Stewardship Advisory Committee, its Regional Stewardship Faculty Advisory Committee and its Faculty and Staff Resource Council, Eastern Kentucky University established the following goals for its Regional Stewardship Program:

Goal 1: improve student performance within K-12 schools through the delivery, or coordination of the delivery, of educational services, based upon each individual school's distinct needs.

Goal 2: increase the value placed by community members on education, and community members' involvement with each community's K-12 schools.

Goal 3: deliver, or coordinate the delivery of, non-educational services (wherever possible) to school sites, based upon each individual community's needs.

Goal 4: engage the youth of our service region's communities in stewardship initiatives and their communities.

Goal 5: increase ECU faculty, staff and student engagement in regional stewardship initiatives.

Section II

Assessment of Regional Needs

For the purposes of this Strategic Plan, regional needs were assessed by quadrangulation utilizing four separate groups of sources: 1) fourteen “town meeting” type sessions conducted by Eastern Kentucky University’s president, Doug Whitlock, throughout EKU’s 22-county service region to gauge needs for programs and services; 2) analyses of 2007, 2008, and (where available) 2009 Comprehensive Economic Development Strategy reports (which contained the results of needs assessments) filed by the four Area Development Districts, which include service area counties within EKU’s 22-county service region (Bluegrass Area Development District, Cumberland Valley Area Development District, Kentucky River Area Development District, and Lake Cumberland Area Development District; 3) input from the members of EKU’s Regional Stewardship Advisory Committee; and 4) five Community Needs Assessment Forums covering all 22 counties within EKU’s service region (the first conducted in Somerset, KY for community members of Laurel, McCreary, Pulaski and Wayne counties; the second conducted in Stanford, KY for the community members of Boyle, Casey, Garrard, Lincoln and Rockcastle counties; the third conducted in Hazard, KY for the community members of Harlan, Leslie and Perry counties; the fourth conducted in Irvine, KY for the community members of Estill, Jackson, Lee, Madison, Owsley and Powell counties; and the fifth conducted in Pineville, KY for the community members of Bell, Clay, Knox and Whitley counties).

The regional needs fall into five categories and are summarized as follows:²

1. School and Community Health, Wellness and Safety.
 - Create equal and greater access to health related services
 - Develop and promote programs addressing healthier lifestyles
 - Develop program to obtain maximum use of school/ church indoor recreational facilities
 - Develop anti-smoking programs
 - Improve health education programs for all public school systems
 - Evils-of-drugs awareness programs
 - Evils-of-smoking awareness programs
 - Increase emphasis on preventive health maintenance activities

² Only categories within the purview of the Kentucky Regional Stewardship Program have been included here.

- Assist in the development of medical surveys for clusters of cancers, diabetes and cardiac related diseases to determine patterns of diseases
 - Expand and improve educational, early diagnostic and preventive health care programs
 - Promote education on good nutrition
 - Increase levels of physical activity
 - Encourage development of community centers that promote health, fitness and quality of life improvements
 - Promote reduction of heart disease (deaths due to significantly higher than state average)
 - Promote programs dealing with the health needs of a demographically-aging population (in the Aging Services area, the need for services is usually three times greater than the services that are actually provided)
 - Provide an array of community based services for elders in order to prevent institutionalizing them
 - Support substance abuse prevention and recovery programs
 - Promote the continued improvement and development of emergency services
 - Expand programs to eliminate spouse and child abuse
 - Enhance the safety of the citizens of the area
 - Provide healthcare at schools
 - Eliminate “turfism” in the provision of healthcare services
- Create new cultural awareness of “wellness”

2. Education.

- Create equal and greater access to educational opportunities
 - Pursue a program to improve school attendance throughout the county school systems
 - Strengthen child and adult literacy programs
 - Bridge education gap through remediation at elementary, middle and high school levels
 - Promote new methods/ideas for improving middle school age children’s education attainment for greater success in secondary education
 - Increase high school graduation rates
 - Enhance procedures for greater involvement of parents within dropout prevention program
 - Provide more training opportunities for students who wish to obtain a skill rather than continue their education in a post-secondary institution
 - Provide apprenticeship programs
 - Provide early childhood training and development
 - Provide educational opportunities for area adults

- Improve health education programs for all public school systems
- Increase postsecondary education programs through satellite opportunities
- Develop a regional educational program on the importance of the environment to make young people more aware of the critical nature of this issue
- Develop evils-of-drugs and tobacco awareness education programs
- Develop nutrition education programs
- Develop a regional educational program on solid waste emphasizing the cost of uncontrolled littering and illegal dumping
- Present postsecondary education as opportunities for our youth
 - Promote message of tie between degree attainment and increased income
- Steer our kids in the right direction
 - Increase the expectations of both students and their parents
- Increase dual credit offerings
- Tie P-16 education to economic development
- Have EKV tap into local, community resources
 - Increase the roles of P-16 councils
- Create community awareness of local, community resources
- Increase community, including parental, involvement with schools
- Provide services to autistic children and those with other special needs
- Facilitate civic engagement among students through partnerships
- Create greater utilization of area high school facilities
- Eliminate needs for remediation at postsecondary level
- Create perception of value of education through increased involvement of community
- Increase career and personal counseling
- Create seamlessness among three P-12 levels
- Postsecondary institutions meeting needs on non-traditional students
- Teach entrepreneurship in the schools
- Improve continuing education training for teachers
- Improve quality of school boards through grassroots leadership development
- Create more vocational training opportunities

3. Economic, including Workforce, Development.

- Escalate and improve upon efforts to fully develop potential agribusiness
- Promote development of an educated, well-trained workforce
 - Provide employment opportunities for the dislocated worker, with proper training of new skills needed for a diversified economy
 - Develop employability skills training on how to get and keep a job

- Ensure that 95% of graduating seniors take the Workkeys Test, with a goal of 70% obtaining the Kentucky Employment Certificate by the year 2011
- Provide targeted training to meet employer needs
- Establish a true paradigm whereby employer needs truly drive workforce development
- Provide administrative workforce development assistance to local government bodies
 - Determine the most significant management/ educational needs of local government officials and personnel
 - Train local officials in financial management, personnel administration and general management
 - Promote and encourage leadership training for all major elected officials
 - Train local officials in computer literacy and applications
 - Provide and attend relevant educational workshop seminars to enhance the capacity of the Area Development District Public Administration Specialist to perform a full range of management assistance functions
- Create a healthier workforce
 - Improve overall workforce health
 - Support substance abuse prevention and recovery programs to promote retention of workforce
- Create atmosphere that promotes local, homegrown businesses
 - Eliminate lack of entrepreneurs
 - Teach entrepreneurship in the schools
 - Create support for local businesses
 - Provide entrepreneurship development
 - Encourage cooperation and coordination between economic and community development groups and individuals to facilitate development and expansion of area businesses, communities, and business infrastructure
 - Attract capital for entrepreneurial development
- Create broadband connectivity
- Create Chambers of Commerce
- Create more vocational and technical training opportunities
- Improve industrial base with higher-wage employment opportunities

4. Environment.

- Improve land use practices to better control erosion from areas of strip mining, agriculture, cut over forest lands, road and highway construction and prevent pollution and sedimentation of our rivers and lakes
 - Encourage improved post mine usage and to find better ways of utilizing post mined land
- Improve planning (reduce sprawl occurring in a relatively haphazard manner)
- Develop “green” initiatives (i.e. recycling; elimination of illegal dumps)

5. Better Government.

- Promote civic engagement
 - Provide training on civic responsibilities to out-of-school adults through the media, civic organizations, chambers of commerce, social educational and religious groups

- Improve coordination of area organizations and governments
 - Develop more programs on a coordinated, regional basis (with less “turfism”)
 - Enhance leadership
- Fulfill need for a regional comprehensive catalog of human resources services
- Enhance improvements to the current system of social services and community facilities
 - Provide more youth community centers and activities
 - Improve health education programs for all public school systems
 - Expand programs to eliminate spouse and child abuse
 - Support and, where possible, expand the current Area Aging Services Program
 - In the Aging Services area, the need for services is usually three times greater than the services that are actually provided
 - Provide an array of community based services for elders in order to prevent institutionalizing them
 - With nursing homes being full, prevention is the key to a better lifestyle for the elderly (60+) population; problems can be thwarted through more preventive measures such as proper diet and early diagnosis of illness

Section III

The Goals of Eastern Kentucky University's Regional Stewardship Program

Goal 1: improve student performance within K-12 schools through the delivery, or coordination of the delivery, of educational services, based upon each individual school's distinct needs.

Achievement of this goal would result (among other things) in the following positive education outcomes for Eastern Kentucky University's service region:

- increased attendance rates;
- increased retention rates;
- improved literacy;
- improved STEM performance;
- improved performance on other assessments;
- a decrease in high school dropout rates;
- an increase in high school graduation rates;
- an increase in applications to 2- and 4-year postsecondary institutions; and
- a decrease in remediation needed by students upon entering 2- and 4-year postsecondary institutions.

Attainment of this goal would be effected through implementation of expansion of ECU's pilot Education Extension Agent Program (for a full description of this program, including alignment with community-articulated needs and metrics of success, see Sections II, III and IV of ECU's Regional Grant Funds Proposal, attached as Appendix A). As a member of the sub-region in which he or she was working, each Education Extension Agent would: a) be a respected and trusted member of the community; b) have a working familiarity with the local school district(s), its distinct needs, and its administrative personnel; and c) be familiar with fellow community members and locally available resources at his or her disposal.

Goal 2: increase the value placed by community members on education, and community members' involvement with each community's K-12 schools.

Achievement of this goal would result in the positive education outcomes described for Goal 1 above.

Attainment of this goal would be effected through: a) engagement of community members by each Education Extension Agent; and b) coordination of delivery of community services (wherever possible) at school sites by each Education Extension Agent (for a full description of these programs, including alignment with community-articulated needs and metrics of success, see Sections II and IV of ECU's Regional Grant Funds Proposal, attached as Appendix A).

Goal 3: deliver, or coordinate the delivery of, non-educational services (wherever possible) to school sites based upon each individual community's needs.

Achievement of this goal would result in: a) an enhanced likelihood of attaining the positive education outcomes described for Goals 1 and 2 above by breaking down barriers between members of the community accessing the non-educational services and the community's schools; and b) delivery to the community of tailored services (created through formal or informal partnerships with the community) articulated by the community as being needed.

Attainment of this goal would be effected through a) implementation of expansion of ECU's pilot Education Extension Agent Program (for a full description of this program, including alignment with community-articulated needs and metrics of success, see Sections II, III and IV of ECU's Regional Grant Funds Proposal, attached as Appendix A); and b) coordination of delivery of community services (wherever possible) at school sites by each Education Extension Agent (for a full description of these programs, including alignment with community-articulated needs and metrics of success, see Sections II and IV of ECU's Regional Grant Funds Proposal, attached as Appendix A).

Goal 4: engage the youth of our service region's communities in stewardship initiatives and their communities.

Achievement of this goal would result in: a) an enhanced likelihood of attaining the positive education outcomes described for Goals 1 and 2 above; and b) an increase in each community's involvement in self-sustaining capacity building as these youth become the next generation's community leaders.

Attainment of this goal would be effected through: a) an increase in civic engagement activities and service learning courses for youth, facilitated by the Education Extension Agent; b) (if the

proposed Collaboration Center programs are undertaken) grassroots leadership training, including community projects to be initiated and completed within the training program period, directed toward the youth population in each community; and c) EKU's Office of Regional Stewardship promotion of a "Connect-the-Dots" Coloring Book contest for elementary school students (winning entries will be showcased in Kentucky Youth Associates' KIDS COUNT County Data Book) and essay contests for middle and high school students, located in EKU's service region, for the dual purposes of introducing the students to the concept of regional stewardship and promoting civic engagement.³

Goal 5: increase EKU faculty, staff and student engagement in regional stewardship initiatives.

Achievement of this goal would facilitate Attainment of Goals 1, 2, 3, and 4 above.

Attainment of this goal will be effected through institutional alignment of the university, colleges, department or academic units, and faculty and staff to support public engagement by emphasizing the importance of regional stewardship in its:

- mission, vision, and values;
- organizational structure;
- leadership selection, evaluation, and development;
- institutional planning;
- internal policies and procedures;
- funding for public engagement;
- facilities and environment;
- faculty recruitment, selection, orientation, and professional development;
- individual incentives and rewards;
- unit level incentives and rewards;
- communications, rituals, awards, and ceremonies;
- information and reporting systems;
- evaluation and accountability; and
- curriculum and student educational activities (including student research, and courses incorporating service learning).

1. ³ Essay contest questions: 1) for middle school students: "How can I become a steward within my community?"; and 2) for high school students: "How, by concentrating on more than one strand of Regional Stewardship (economic, including workforce, development; education; the environment; collaborative government; and health, wellness, and safety), can we increase the effects of stewardship within my community?"



Eastern Kentucky University
Phase II
Regional Grant Funds Proposal

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Section I

Background and Executive Summary

Background

Without having put a label on it, Eastern Kentucky University has long maintained a rich and proud tradition of providing service to the region of the Commonwealth of Kentucky in which it is located and from which it has drawn its student body. From initially becoming the first Normal school created in Kentucky and educating the majority of the teachers who would return to their southeastern Kentucky communities in order to teach the children living there, to most recently renewing its 1920s commitment to southeastern Kentucky's beekeeping communities through its Apiforestation project (see Section IV below), ECU has been and remains committed to its mission of regional stewardship in accordance with its declaration of being a 22 county campus. ECU has submitted its credentials as an "engaged institution" to the Carnegie Foundation for the Advancement of Teaching. Within its application for elective classification, ECU identified more than 450 ongoing partnership activities, the majority of which both were regional and of a stewardship nature.

The Commonwealth of Kentucky regional stewardship initiative has enabled ECU to institutionalize and more fully coordinate its campuses-wide programs designed to reach out to, and improve the quality of life within, ECU's 22 county service region. ECU has completed substantial compliance of its regional stewardship infrastructure plan by appointing its first Director of Regional Stewardship and establishing its Office of Regional Stewardship, which is being advised both by its Regional Advisory Committee and its Faculty Advisory Committee. All of the initiatives of the Office of Regional Stewardship invite inclusion of service learning elements for ECU's students. In addition, these initiatives will be a rich source of research: research opportunities for students; and applied research to be published or presented by faculty. ECU's Regional Stewardship Strategic Plan has been finalized for submission to the Council on Postsecondary Education following the conduct of five Community Needs Assessment Forums that were held in Somerset (for community members located within Laurel, McCreary, Pulaski and Wayne counties), Stanford (for community members located within Boyle, Casey, Garrard, Lincoln and Rockcastle counties), Hazard (for community members located within Harlan, Leslie and Perry counties), Irvine (for community members located within Estill, Jackson, Lee, Madison, Owsley and Powell counties), and Pineville (for community members located within Bell, Clay, Knox and Whitley counties). This Regional Grant Funds Proposal and the program designed to expand ECU's Education Extension Agent project to all 22 counties of ECU's service region described herein will be the centerpiece of the Strategic Plan.

EKU has initiated institutional alignment of the university, colleges, department or academic units, and faculty and staff to support public engagement by emphasizing the importance of regional stewardship in its:

- mission, vision, and values;
- organizational structure;
- leadership selection, evaluation, and development;
- institutional planning;
- internal policies and procedures;
- funding for public engagement;
- facilities and environment;
- faculty recruitment, selection, orientation, and professional development;
- individual incentives and rewards;
- unit level incentives and rewards;
- communications, rituals, awards, and ceremonies;
- information and reporting systems;
- evaluation and accountability; and
- curriculum and student educational activities.

Progress on all of the above, as well as EKU's regional stewardship key indicators, will be tracked through the utilization of Digital Measures software, which has been purchased and will be implemented between the present date and Fall 2009.

EKU is in the process of exploring the establishment of a "Collaboration Center" with Morehead State University and all of the 2- and 4-year postsecondary education institutions located within the 44-county combined service regions of ECU and Morehead State University. Based upon the similar demographics and community-articulated needs of this 44-county region, it is contemplated that the postsecondary institutions would utilize the Collaboration Center to partner in spearheading regional stewardship initiatives to address those common regional needs.

Executive Summary

This Regional Grant Funds Proposal contains five additional sections. Section II summarizes the needs of EKU's 22 county service region, as they fall within five areas: economic, including workforce, development; education; the environment; government; and health. Section III contains the centerpiece of this proposal: the expansion of EKU's pilot Education Extension Agent program from one county to all of EKU's 22 county service region, with the Education Extension Agents both providing and coordinating educational as well as other community services, often to be delivered at school locations so that these sites begin to approach "community" or "full service schools." Section IV describes the programs or projects that EKU would be coordinated for delivery in partnership with communities by the Education Extension Agents. These programs or projects, which incorporate engagement from all of EKU's colleges (as well as other units), fall into three areas and include:

1. School and Community Health, Wellness, and Safety

- "Movement in the Classroom" Program (enabling elementary school teachers to incorporate 30 minutes of movement activities for within the classroom without detracting from instruction or educational achievement);
- "Colonel Caravan" Health, Wellness, and Fitness Fairs
- Alzheimer's Patients Activities and Family Respite Program;
- Emergency Health Care through CPR Training Program;
- Critical Care First Aid for Schools and Communities;
- Domestic Violence Training Program;
- Industrial and Environmental Safety Program; and
- OSHA 10 Hour General Industry Safety Training Program.

2. Education

- Expansion of Education Extension Agent Program;
- Transitions Services for the Mildly Disabled Program;
- Dual Credit Program Expansion to EKU Regional Campuses;
- Student Alumni Postsecondary Recruitment Pilot Program;
- Providing the Services of EKU's Cooperative Education Program Students to Education Extension Agents and Communities; and
- Creating Cooperative Education Programs for High School Students.

3. Economic, including Workforce, Development

- Workforce Development through Improvement of Interpersonal Communication in the Workplace;
- First Line Supervision Certificate Program;
- Entrepreneurship Training Program; and
- Expansion of Apiforestation Program.

Section V sets forth a budget for the capacity building regional stewardship program. Section VI contains a bibliography of works cited in Section II of this Proposal.

Section II

Assessment of Regional Needs

For the purposes of this Regional Grants Funds Proposal, regional needs were assessed by quadrangulation utilizing four separate groups of sources: 1) fourteen “town meeting” type sessions conducted by Eastern Kentucky University’s president, Doug Whitlock, throughout ECU’s 22-county service region to gauge needs for programs and services; 2) analyses of 2007, 2008, and (where available) 2009 Comprehensive Economic Development Strategy reports (which contained the results of needs assessments) filed by the four Area Development Districts, which include service area counties within ECU’s 22-county service region (Bluegrass Area Development District, Cumberland Valley Area Development District, Kentucky River Area Development District, and Lake Cumberland Area Development District; 3) input from the members of ECU’s Regional Stewardship Advisory Committee; and 4) five Community Needs Assessment Forums covering all 22 counties within ECU’s service region (the first conducted in Somerset, KY for community members of Laurel, McCreary, Pulaski and Wayne counties; the second conducted in Stanford, KY for the community members of Boyle, Casey, Garrard, Lincoln and Rockcastle counties; the third conducted in Hazard, KY for the community members of Harlan, Leslie and Perry counties; the fourth conducted in Irvine, KY for the community members of Estill, Jackson, Lee, Madison, Owsley and Powell counties; and the fifth conducted in Pineville, KY for the community members of Bell, Clay, Knox and Whitley counties).

The regional needs fall into five categories and are summarized as follows:¹

1. School and Community Health, Wellness and Safety.
 - Create equal and greater access to health related services
 - Develop and promote programs addressing healthier lifestyles
 - Develop program to obtain maximum use of school/ church indoor recreational facilities
 - Develop anti-smoking programs
 - Improve health education programs for all public school systems
 - Evils-of-drugs awareness programs
 - Evils-of-smoking awareness programs
 - Increase emphasis on preventive health maintenance activities

¹ Only categories within the purview of the Kentucky Regional Stewardship Program have been included here.

- Assist in the development of medical surveys for clusters of cancers, diabetes and cardiac related diseases to determine patterns of diseases
 - Expand and improve educational, early diagnostic and preventive health care programs
 - Promote education on good nutrition
 - Increase levels of physical activity
 - Encourage development of community centers that promote health, fitness and quality of life improvements
 - Promote reduction of heart disease (deaths due to significantly higher than state average)
 - Promote programs dealing with the health needs of a demographically-aging population (in the Aging Services area, the need for services is usually three times greater than the services that are actually provided)
 - Provide an array of community based services for elders in order to prevent institutionalizing them
 - Support substance abuse prevention and recovery programs
 - Promote the continued improvement and development of emergency services
 - Expand programs to eliminate spouse and child abuse
 - Enhance the safety of the citizens of the area
 - Provide healthcare at schools
 - Eliminate “turfism” in the provision of healthcare services
- Create new cultural awareness of “wellness”

2. Education.

- Create equal and greater access to educational opportunities
 - Pursue a program to improve school attendance throughout the county school systems
 - Strengthen child and adult literacy programs
 - Bridge education gap through remediation at elementary, middle and high school levels
 - Promote new methods/ideas for improving middle school age children’s education attainment for greater success in secondary education
 - Increase high school graduation rates
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 - Provide more training opportunities for students who wish to obtain a skill rather than continue their education in a post-secondary institution
 - Provide apprenticeship programs
 - Provide early childhood training and development
 - Provide educational opportunities for area adults

- Improve health education programs for all public school systems
- Increase postsecondary education programs through satellite opportunities
- Develop a regional educational program on the importance of the environment to make young people more aware of the critical nature of this issue
- Develop evils-of-drugs and tobacco awareness education programs
- Develop nutrition education programs
- Develop a regional educational program on solid waste emphasizing the cost of uncontrolled littering and illegal dumping
- Present postsecondary education as opportunities for our youth
 - Promote message of tie between degree attainment and increased income
- Steer our kids in the right direction
 - Increase the expectations of both students and their parents
- Increase dual credit offerings
- Tie P-16 education to economic development
- Have EKV tap into local, community resources
 - Increase the roles of P-16 councils
- Create community awareness of local, community resources
- Increase community, including parental, involvement with schools
- Provide services to autistic children and those with other special needs
- Facilitate civic engagement among students through partnerships
- Create greater utilization of area high school facilities
- Eliminate needs for remediation at postsecondary level
- Create perception of value of education through increased involvement of community
- Increase career and personal counseling
- Create seamlessness among three P-12 levels
- Postsecondary institutions meeting needs on non-traditional students
- Teach entrepreneurship in the schools
- Improve continuing education training for teachers
- Improve quality of school boards through grassroots leadership development
- Create more vocational training opportunities

3. Economic, including Workforce, Development.

- Escalate and improve upon efforts to fully develop potential agribusiness
- Promote development of an educated, well-trained workforce
 - Provide employment opportunities for the dislocated worker, with proper training of new skills needed for a diversified economy
 - Develop employability skills training on how to get and keep a job

- Ensure that 95% of graduating seniors take the Workkeys Test, with a goal of 70% obtaining the Kentucky Employment Certificate by the year 2011
- Provide targeted training to meet employer needs
- Establish a true paradigm whereby employer needs truly drive workforce development
- Provide administrative workforce development assistance to local government bodies
 - Determine the most significant management/ educational needs of local government officials and personnel
 - Train local officials in financial management, personnel administration and general management
 - Promote and encourage leadership training for all major elected officials
 - Train local officials in computer literacy and applications
 - Provide and attend relevant educational workshop seminars to enhance the capacity of the Area Development District Public Administration Specialist to perform a full range of management assistance functions
- Create a healthier workforce
 - Improve overall workforce health
 - Support substance abuse prevention and recovery programs to promote retention of workforce
- Create atmosphere that promotes local, homegrown businesses
 - Eliminate lack of entrepreneurs
 - Teach entrepreneurship in the schools
 - Create support for local businesses
 - Provide entrepreneurship development
 - Encourage cooperation and coordination between economic and community development groups and individuals to facilitate development and expansion of area businesses, communities, and business infrastructure
 - Attract capital for entrepreneurial development
- Create broadband connectivity
- Create Chambers of Commerce
- Create more vocational and technical training opportunities
- Improve industrial base with higher-wage employment opportunities

4. Environment.

- Improve land use practices to better control erosion from areas of strip mining, agriculture, cut over forest lands, road and highway construction and prevent pollution and sedimentation of our rivers and lakes
 - Encourage improved post mine usage and to find better ways of utilizing post mined land
- Improve planning (reduce sprawl occurring in a relatively haphazard manner)
- Develop “green” initiatives (i.e. recycling; elimination of illegal dumps)

5. Better Government.

- Promote civic engagement
 - Provide training on civic responsibilities to out-of-school adults through the media, civic organizations, chambers of commerce, social educational and religious groups

- Improve coordination of area organizations and governments
 - Develop more programs on a coordinated, regional basis (with less “turfism”)
 - Enhance leadership
- Fulfill need for a regional comprehensive catalog of human resources services
- Enhance improvements to the current system of social services and community facilities
 - Provide more youth community centers and activities
 - Improve health education programs for all public school systems
 - Expand programs to eliminate spouse and child abuse
 - Support and, where possible, expand the current Area Aging Services Program
 - In the Aging Services area, the need for services is usually three times greater than the services that are actually provided
 - Provide an array of community based services for elders in order to prevent institutionalizing them
 - With nursing homes being full, prevention is the key to a better lifestyle for the elderly (60+) population; problems can be thwarted through more preventive measures such as proper diet and early diagnosis of illness

Section III

EKU Capacity Building through Expansion of Education Extension Agent Program

Eastern Kentucky University has conducted a pilot Education Extension Agent program in partnership with the Madison County School District. The program has been designed to: increase attendance; provide intervention through remediation efforts at the elementary, middle school, and high school levels; address literacy issues; increase STEM achievement; increase retention; create cultural enrichment opportunities; increase student civic engagement; and increase the inclination of high school seniors to apply to and attend 2- and 4-year postsecondary institutions.

Toward those ends since the inception of the 2008-09 school year, after first working to understand the sense of "place" relating to the economics and education structure of the community so that people and resources might be identified and utilized efficiently, and facilitating partnerships between the ECU campus and the P-12 education systems in Madison County, ECU's Madison County Education Extension Agent has coordinated the following undertakings:

- Dual Credit: two classes are being offered to Madison County students as of Fall 2008.
- Literacy Assistance: various individuals on the ECU campus who are involved in literacy work have been identified. Meetings between these individuals and Madison County staff have been facilitated. Literacy enhancement groups are now developing and implementing their initiatives.
- Volunteer/Mentoring: a meeting with the Madison County Achievement Center Staff has been facilitated to determine mentoring needs for middle and high school students. Assistance has been provided in the following areas: a planning effort to establish a volunteer process and procedure for the school district; work between the ECU's College of Education and the school district to pilot a field-based mentoring project at Madison Middle School beginning Fall 2008; and a sports medicine-meeting was facilitated

between the ECU/ Berea College sports medicine faculties, and the school district's and Model Laboratory School's middle and high school athletic directors and principals to discuss process and procedure for use of athletic trainers and students studying to become athletic trainers within the schools.

- Madison County Student Leadership: an initial discussion has been facilitated between ECU and the school district to discuss how college students and high school students could plan and work together in various capacities.
- Community Arts Opportunities: a tour and meeting was arranged between the Richmond Area Arts Council Director and the newly employed Achievement Center staff so that they could understand the existing arts education partnership that currently exists and continue to build upon the present success of various programs now operating.
- Alternative School Vision Implementation: meetings were facilitated between the new principal and individuals both at ECU and the YMCA to enable him to implement a fitness and recreation program for his students and staff.

In addition, ECU's Madison County Education Extension Agent is presently exploring the possibility of planning and implementing a major place-based learning project within Madison County.

It is proposed that ECU's successful pilot Education Extension Agent program presently being conducted in Madison county be expanded in two ways: 1) to cover all 22 counties located in ECU's service region; and 2) to expand the role of the Education Extension Agent so that the Extension Agent would coordinate programs, projects, and the delivery of certain social and community services in all five of the areas for which Kentucky's Regional Stewardship Program has been created. This would be accomplished through the creation of an Eastern Kentucky University Center for Education Extension Services which would help rural schools, communities, and 2- and 4-year postsecondary institutions located within ECU's service region build capacity together by:

- | | | |
|----------------------------------|------------------------------|----------------------------------|
| • investing trust | • being good stewards | • giving back |
| • making connections | • facilitating change | • engaging in life-long learning |
| • recognizing value of education | • solving problems | • gaining knowledge |
| • revering place | • believing in possibilities | • building on success |
| • creating relevance | • deploying strengths | • celebrating diversity |
| • sharing resources | • achieving greatness | • realizing potential |
| • nurturing aspirations | • seizing opportunities | • encouraging growth |
| | • growing their own | |

- preserving culture
- embracing native ability

Eastern Kentucky University, recognizing the importance of education to the economic and social vitality of communities, renews its commitment to its 22-county service region and aims to re-establish the importance of place in learning and leading. Much as cooperative extension services were formed years ago in response to needs in an agricultural-based economy, this initiative responds to the knowledge-based economy of 21st century Kentucky with the proposed creation of the Center for Education Extension Services. The Center's foundation, which draws upon the work of some of the nation's leading rural education consultants, proposes that ECU's faculty and staff become engaged with the schools and communities of its service region in new ways—aiming to help simultaneously to revitalize *both*. By supporting schools in giving “concerted curricular and pedagogical attention to place—the immediate locality—schools can contribute to rebuilding community in rural America on an educational foundation Vital, self-governing communities . . . represent the greatest hope for American democracy and turn the cultivation of civic virtue into an educational goal every bit as important as education for success in the economic market.” (Theobald, 1997)

Based on research that links: community vigor with educational attainment (The Rural School and Community Trust, 2006); student engagement with enrollment in higher education; and adequate support systems with a community's perception of the value of higher education, ECU has crafted a plan for community outreach, empowerment and specialized services adapted from the *agricultural* extension agent model and informed by current thinking in the field of rural education.

ECU's Center for Education Extension Services, building on the school-community partnership, adds the power of an engaged institution of higher education to the formula to support community-based initiatives (The Rural School and Community Trust, 2003). The Center would employ Education Extension Agents, sited in each county, who would coordinate services, provide education and resources, collect data, and respond to needs. The guiding philosophy of their work would encompass the belief in the importance of place, culture and resident (local, community, and sub-regional) resources. It is envisioned that the Center would reside in ECU's College of Education, with seven additional Education Extension Agents to be hired, with each to be assigned a 3-county sub-region.

A selection of core services, initial examples of which are detailed Section IV below, would be implemented in each county. These services would be designed in response to the „five essential strategies“ identified by CPE to *double the numbers*. Other programs, services and initiatives would be tailored to each county on an as-needed basis and driven by community- expressed priorities.

Education Extension Agents would link stakeholders with specialized opportunities, rooted in the concepts of place-based learning and place-conscious capacity building, and shown to increase educational attainment, engagement in learning and community investment. Recognizing that each community has much of the knowledge and means already residing within its boundaries,

agents would work to help communities organize, engage and think in new ways about the rich resources and services that already exist in the EKV's 22-county service region.

Dynamic partnerships between the community stakeholders and the eight area public and independent colleges and universities, as well as the community college and adult education infrastructure, would be fostered.

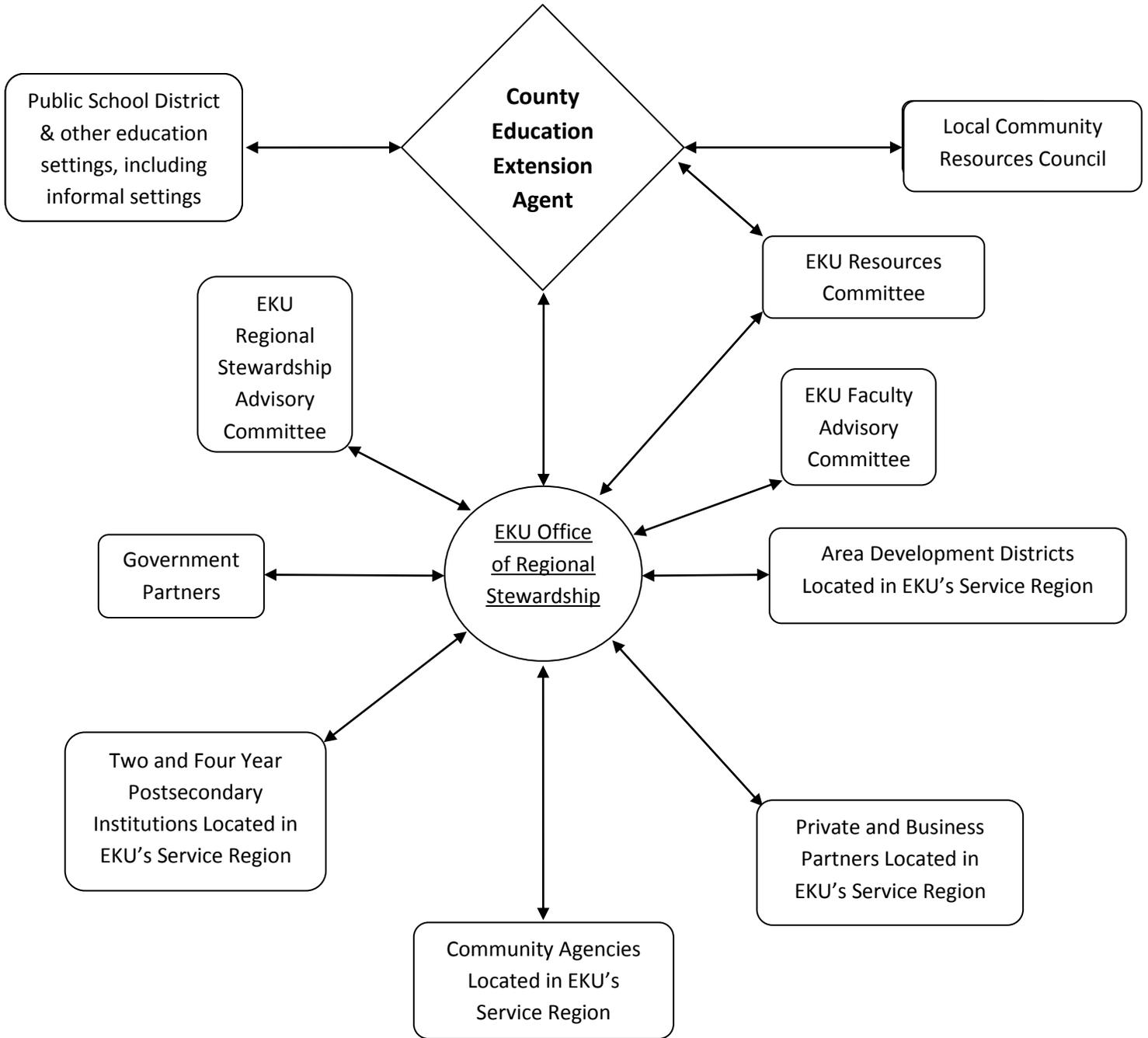
Structures designed to build efficiency and encourage authentic communication have been incorporated into the foundation of this concept. Teams of decision-makers and resource managers will be formed to guide and support the Education Extension Agents in their work. As has been mentioned, this concept is built on a belief in the importance of place, culture and resident resources. Therefore, each community will be asked to identify essential personnel to serve in a local advisory capacity to the initiative. Included would be personnel from such fields as county and city government, school district, SBDM, community action teams, family resource centers, healthcare and health education personnel, GEAR-UP, chamber of commerce, public health, social work, cooperative extension agents, county adult education programs, public safety, and other community leaders.

Likewise, a higher education resource committee would be formed at EKV to support and guide the work of the Education Extension Agents and to respond to community identified needs. This committee would identify university resources available to meet community-identified needs and would be comprised of representatives from the university's faculty regional stewardship and service learning committees, as well as a full complement of representatives from colleges, administrative units and student service representatives.

To further support the service delivery and coordination efforts of EKV's Education Extension Agents throughout EKV's 22 county service region, EKV's Office of Regional Stewardship would coordinate the provision of resources to the Extension Agents from: EKV's Regional Stewardship Advisory Committee; EKV's Regional Stewardship Faculty Advisory Committee; the 2- and 4-year postsecondary institutions located within EKV's service region; the Area Development Districts located within the service region; the community agencies, including Community Action and Cooperative Extension Agencies located within the service region; government entities and agencies; and private businesses.

A diagram synthesizing how resources would be coordinated to, and through, EKV's Education Extension Agents follows.

**Education Extension Agent Support Network
and
Resource Flow Chart**



Section IV

Services and Programs to Be Provided through ECU Capacity Building, and to Be Coordinated through Education Extension Agents

Through capacity building at Eastern Kentucky University, it is proposed that the following services and programs be provided to begin to address a number of the regional needs summarized above. Delivery of these services and programs would be coordinated through ECU's Education Extension Agents, and would be offered—wherever possible—on site at school locations within the service region.

1. School and Community Health, Wellness, and Safety.

“Movement in the Classroom” Program

Objective:

The program's objective is to have elementary school teachers devote 30 minutes of class time per day to involve students in physical activities in order to increase student health and physical fitness without decreasing academic achievement levels.²

Community Needs Addressed:

Create equal and greater access to health related services; develop and promote programs addressing healthier lifestyles; develop program to obtain maximum use of school/ church indoor recreational facilities; improve health education programs for all public school systems; increase emphasis on preventive health maintenance activities; create new cultural awareness of “wellness;” increase levels of physical activity.

² A program similar in nature to the one proposed has recently: been recommended for all Kentucky elementary school children by Kentucky Youth Advocates as part of its 2009 Blueprint for Kentucky's Youth Agenda (http://www.blueprintky.org/documents/08pub_09BlueprintAgenda.pdf) ; been adopted by the Fayette County School District.

Method:

Professional development workshops would be conducted in the service region for teachers to learn the movement in the classroom curriculum. Workshops would be conducted by a team of experts including faculty from the Department of Exercise and Sport Science at ECU (part of ECU's College of Health Sciences). Buy-in for the program would first have to come from school principals, with the "buy-in" being coordinated through ECU's Education Extension Agents. To encourage schools' participation, ECU would provide an equipment grant to schools who participate. The equipment grant would provide mats, therabands, pedometers, a FITNESSGRAM Test Kit, etc. as well as the movement in the classroom curriculum book for all students.

Metrics of Success:

Outputs: number of ECU faculty providing professional development workshops, and number of workshops provided.

Outcomes: number of school districts participating; number of teachers attending professional development workshops; and fitness and academic outcomes for students receiving the 30 minutes of physical activities in class per day (Note: Schools would be required to provide the following data to the workshop leaders: 1) pre- and post-program pedometer-derived daily step counts for both experimental [students who participated in the movement in the classroom program] and control [any students who did not participate in the movement in the classroom program] groups for a defined period]; 2) pre- and post-program BMI data for the experimental and control groups; 3) pre- and post-program FITNESSGRAM Test data for all students who participated in the movement in the classroom program; and 4) mean test scores on any academic disciplinary subject immediately following the testing period for both experimental and control groups); follow-on funding (cash and in-kind).

"Colonel Caravan" Health, Wellness, and Fitness Fairs

Objective:

Promote and increase awareness of elements of, and activities contributing to, health, wellness, and fitness within our communities.

Community Needs Addressed:

Develop and promote programs addressing healthier lifestyles; develop program to obtain maximum use of school/ church indoor recreational facilities; improve health education programs for all public school systems; increase emphasis on preventive health maintenance activities; encourage development of community centers that promote health, fitness and quality of life improvements; support substance abuse prevention; create new cultural awareness of "wellness;" increase levels of physical activity.

Method:

Through community fairs directed primarily toward middle school students, their families and teachers, ECU coaches, trainers, staff members of ECU's Athletic Department, and student-athletes would promote education in the areas of wellness (including nutrition) and fitness, and teach skills in sports, physical fitness, and strength training.³

Metrics of Success:

Outputs: numbers of community health, wellness, and fitness fairs conducted; number of ECU coaches, trainers, staff members of ECU's Athletic Department, and student-athletes participating in community fairs.

Outcomes: number of community members attending health, wellness, and fitness fairs conducted; based upon follow-up surveys, number of community members stating that their life style has changed based upon attendance at community fair; follow-on funding (cash and in-kind).

Alzheimer's Patients Activities and Family Respite Program

Objective:

Increase the number of elderly persons with Alzheimer's Disease, families of Alzheimer's patients, and service region counties presently being served by the ECU Department of Occupational Therapy (part of ECU's College of Health Sciences) project called "The Place to Be." (Note: presently "The Place to Be" is a weekly activity group, conducted only nine months per year, for Alzheimer's patients, with respite for the family who is caring for the patient in its home so that the family members may have time to complete errands or time away from care giving.)

Community Needs Addressed:

Promote programs dealing with the health needs of a demographically-aging population (in the Aging Services area, the need for services is usually three times greater than the services that are actually provided); provide an array of community based services for elders in order to prevent institutionalizing them.

Method:

Increase group activities (examples are: reminiscing; cooking; self care to increase independence; and social participation) to twice per week, on a year around basis (so as to create continuity of care), and extend "The Place to Be" project into other counties within ECU's

³ Due to recruiting constraints imposed on universities by the NCAA, these fairs cannot be directed towards high school students.

service region, by utilizing additional Department of Occupational Therapy faculty and creating a service learning project for Occupational Therapy students.

Metrics of Success:

Outputs: number of ECU Department of Occupational Therapy faculty members participating in “The Place to Be” project; number of ECU service learning students participating in “The Place to Be” project.

Outcomes: number of days per week “The Place to Be” program is offered; number of months per year “The Place to Be” program is offered; number of counties within service region “The Place to Be” program is offered; number of Alzheimer patients participating in “The Place to Be” program; number of families of Alzheimer patients receiving respite from care responsibilities; number of Alzheimer patients deemed to have increased independence through self-care activities; follow-on funding (cash and in-kind).

Emergency Health Care through CPR Training Program

Objective:

Increase the number of community members (including students) and professionals capable of applying one-man adult CPR using American Heart Association standards.

Community Needs Addressed:

Create equal and greater access to health related services; improve health education programs for all public school systems; promote the continued improvement and development of emergency services.

Method:

In four-hour increments utilizing one College of Justice and Safety instructor (or a College of Justice and Safety student who has been certified as a CPR Trainer through participation in a College of Justice and Safety service learning project) per group of six trainee participants train community members (including students) and professionals in applying one-man adult CPR using American Heart Association standards.

Metrics of Success:

Outputs: number of College of Justice and Safety instructors participating in program; number of College of Justice and Safety students who have been certified as CPR Trainers through a College of Justice and Safety service learning project participating in program.

Outcomes: number of counties within service region the Emergency Health Care through CPR Training Program is offered; number of community members (including students) and professionals trained and certified as capable of applying one-man adult CPR using American

Heart Association standards; number of community members receiving CPR from community members (including students) or professionals trained through the program; follow-on funding (cash and in-kind).

Critical Care First Aid for Schools and Communities

Objective:

Teach community members (including students) critical care techniques (including immobilization, bleeding control, splinting, airway management, trauma care, electrocardiogram, and emergency care in general) that can be mastered easily and yet potentially save lives.

Community Needs Addressed:

Create equal and greater access to health related services; improve health education programs for all public school systems; promote the continued improvement and development of emergency services.

Method:

In one hour increments per critical care topic, utilizing one College of Justice and Safety instructor (or a College of Justice and Safety student who has been certified as a Critical Care Trainer through participation in a College of Justice and Safety service learning project), train community members (including students) to administer critical care first aid.

Metrics of Success:

Outputs: number of College of Justice and Safety instructors participating in program; number of College of Justice and Safety students who have been certified as Critical Care Trainers through a College of Justice and Safety service learning project participating in program.

Outcomes: number of counties within service region the Critical Care First Aid for Schools and Communities Training Program is offered; number of community members (including students) receiving training in administering critical care first aid; number of community members receiving critical care first aid from community members (including students) trained through the Program; follow-on funding (cash and in-kind).

Domestic Violence Training Program

Objective:

Provide domestic violence intervention training (or train the trainer training) to local law enforcement officials and community members, for purposes of developing capacity to intervene in and lower incidents of spousal and child abuse.

Community Needs Addressed:

Expand programs to eliminate spouse and child abuse; enhance the safety of the citizens of the area.

Method:

In 2 to 4 hour sessions directed to 20 or fewer persons faculty from the Department of Criminal Justice and Police Studies ECU's College of Justice and Safety, with support from that college's graduate students, will provide instruction and training addressing issues of domestic violence and prevention.

Metrics of Success:

Outputs: number of College of Justice and Safety instructors participating in program; number of College of Justice and Safety graduate students participating in program.

Outcomes: number of local law enforcement officials and community member participating in program; decrease in number of incidents of domestic violence (spousal or child abuse) reported; follow-on funding (cash and in-kind).

Industrial and Environmental Safety Program

Objective:

Develop local capacity to: manage or reduce injuries to workers, workers compensation claims, workers compensation premiums, and OSHA citations; and increase profit margins by controlling losses.

Community Needs Addressed:

Enhance the safety of the citizens of the area.

Method:

Over a three-day period per site involved, faculty member from the Department of Safety, Security, and Emergency Management ("SEM," part of the College of Justice and Safety) goes on site and assesses current loss record (i.e. OSHA recordables, EPA violations), and conducts a physical assessment of the site for hazards of operation, analyses the data collected and develops recommendations and counter measure, and presents findings and recommendations.

Metrics of Success:

Outputs: number of SEM faculty members participating in the Industrial and Environmental Safety Program.

Outcomes: number of safety/risk assessments conducted; percentage of counter-measures and recommendations acted upon by participating industries or municipalities within service region; extent to which injuries to workers, workers compensation claims, workers compensation premiums, and OSHA citations are reduced; follow-on funding (cash and in-kind).

OSHA 10 Hour General Industry Safety Training Program

Objective:

Train local industry and school personnel in how to lessen on-the-job and on-site OSHA risks, including those relating to work with, and storage of, hazardous materials, thereby creating a safer environment in the workplace and at school locations.

Community Needs Addressed:

Enhance the safety of the citizens of the area.

Method: The Workforce Education faculty of EKU's Continuing Education and Outreach Unit would provide ten hours of instruction (the scheduling of which can be customized to meet local needs) to groups not exceeding thirty in number; training would be appropriate for (among others) school district maintenance personnel, custodians, teachers/assistants dealing with any hazardous materials, and administrators supervising those areas. Upon successful completion of the course, participants would be issued the OSHA 10 hour card for their training records. The course can be customized to deal with local concerns and topics.

Metrics of Success:

Outputs: number of Workforce Education faculty giving program courses; number of program courses offered.

Outcomes: number of participants receiving OSHA 10 hour cards; reduction of number of OSHA-related incidents and OSHA citations; follow-on funding (cash and in-kind).

2. Education.

Expansion of Education Extension Agent Program

Objective:

See Section III above.

Community Needs Addressed:

Create equal and greater access to educational opportunities; pursue a program to improve school attendance throughout the county school systems; strengthen child and adult literacy programs; bridge education gap through remediation at elementary, middle and high school

levels; promote new methods/ideas for improving middle school age children's education attainment for greater success in secondary education; increase high school graduation rates; present postsecondary education as opportunities for our youth; promote message of tie between degree attainment and increased income; steer our kids in the right direction; increase the expectations of both students and their parents; increase dual credit offerings; have ECU tap into local, community resources; create community awareness of local, community resources; increase the roles of P-16 councils; increase community, including parental, involvement with schools; facilitate civic engagement among students through partnerships; create greater utilization of area high school facilities; promote civic engagement; improve coordination of area organizations and governments; develop more programs on a coordinated, regional basis (with less "turfism"); enhance leadership; fulfill need for a regional comprehensive catalog of human resources services; enhance improvements to the current system of social services; eliminate the needs for remediation at the postsecondary institution level; create perception of value of education through increased involvement of community; increase career and personal counseling; create seamlessness among three P-12 levels.

Method:

See Section III above.

Metrics of Success:

Outputs: increased number of Education Extension Agents working within ECU's 22 county service region; increased number of ECU faculty, staff and students working and collaborating with ECU's Education Extension Agents.

Outcomes: number of partnerships participated in or coordinated by Education Extension Agents; number of programs or projects participated in or coordinated by Education Extension Agents; increases in school attendance rates; decrease in school drop-out rates; increase in interventions for remediation at elementary, middle, and high school levels; increase in school achievement levels; increase in graduation rates; increase in volunteer and mentoring opportunities and activities; increase in dual credit offerings; increase in number of high school students applying to and attending 2- and 4-year postsecondary institutions; increase in number of students attaining associates degrees; increase in number of students attaining bachelor degrees; follow-on funding (cash and in-kind).

Transitions Services for the Mildly Disabled Program

Objective:

Expand ECU's program presently offered to high school juniors and seniors with mild disabilities to transition them to attend a postsecondary school following high school graduation

by ECU's Office of Services for Individuals with Disabilities (OSID). The expansion of the program envisions that OSID would start with mildly disabled students when they are in eighth grade and continuing to provide them with transition services throughout high school so that they will enroll and succeed in curricular courses that will enable them to graduate, and be admitted to and then attend postsecondary school.

Community Needs Addressed:

Create equal and greater access to educational opportunities; pursue a program to improve school attendance throughout the county school systems; bridge education gap through remediation at elementary, middle and high school levels; promote new methods/ideas for improving middle school age children's education attainment for greater success in secondary education; increase high school graduation rates; present postsecondary education as opportunities for our youth; promote message of tie between degree attainment and increased income; steer our kids in the right direction; provide services to autistic children and those with other special needs.

Method:

Screen and track students with mild disabilities from eighth grade through high school, intervening to help them determine their life goals, and assisting them in setting up high-school curricula that prepare them for their post-secondary choices. Work with school districts and ECU's Education Extension Agents to provide intervention when necessary to assure success in courses and retention throughout high school.

Metrics of Success:

Outputs: number of transition services offered to mildly disabled students from eighth grade throughout high school years.

Outcomes: number of constituents with mild disabilities (eighth grade and high school students) contacted; number of constituents with mild disabilities to whom transition services are offered; number of constituents with mild disabilities retained; number of constituents with mild disabilities graduated; number of constituents with mild disabilities enrolling in post-secondary schools; number of constituents with mild disabilities entering the workforce; follow-on funding (cash and in-kind).

Dual Credit Program Expansion to ECU Regional Campuses

Objective:

Expand ECU's dual credit program (through which high school coursework is aligned with first year college coursework, and high school students concurrently receive both high school and college credits for a college course taken on an ECU campus, via the Internet, or through an ITV offering) so that dual credit courses are offered on more than ECU's Danville and Richmond, and to more than Boyle county, Lincoln county, and Madison county school district students.

The College of Education will continue to pilot the Lincoln County Dual Credit Program and will provide technical support to the University as it plans to extend such programs to each ECU campus.

Community Needs Addressed:

Create equal and greater access to educational opportunities; pursue a program to improve school attendance throughout the county school systems; strengthen child and adult literacy programs; bridge education gap through remediation at high school levels; increase high school graduation rates; increase postsecondary education programs through satellite opportunities; present postsecondary education as opportunities for our youth; promote message of tie between degree attainment and increased income; steer our kids in the right direction; increase dual credit offerings; tie P-16 education to economic development; promote development of an educated, well-trained workforce.

Method:

Through the collaborative efforts of ECU's Colleges of Education, and Arts and Sciences: offer dual credit courses at additional ECU regional campuses and at ECU regional centers; and offer dual credit courses over the Internet and via ITV.

Metrics of Success:

Outputs: number of ECU regional campus and centers at which dual credit courses are offered; number of dual credit courses offered via Internet or ITV; number of dual credit courses offered.

Outcomes: number of school districts through which dual credit courses are offered; number of students in service region taking and passing dual credit courses; number of students within service region graduating from college in four years.

Student Alumni Postsecondary Recruitment Pilot Program

Objective:

Increase the awareness of high school students and parents of high school students with respect to: postsecondary education opportunities and entrance requirements; financial aid and scholarship availability; and availability of assistance with transition to postsecondary education. Increase the number of high school students who see postsecondary education as being an opportunity they can pursue.

Community Needs Addressed:

Create equal and greater access to educational opportunities; pursue a program to improve school attendance throughout the county school systems; increase high school graduation rates; present postsecondary education as opportunities for our youth; promote message of tie between degree attainment and increased income; steer our kids in the right direction; tie P-16 education to economic development; promote development of an educated, well-trained workforce.

Method:

On a pilot basis (utilizing eight high schools in the service region), EKU's College of Education would: place informational computer kiosks in high schools; and assign to each high school a student worker who was a full-time student of EKU and who graduated from that high school. The student would make ten trips per semester to the high school during the academic year to meet with his or her high school contemporaries and provide first-hand accounts about his or her college experience.

Metrics of Success:

Outputs: number of occasions on which kiosk-located, computerized information regarding education opportunities and entrance requirements, financial aid and scholarship availability, and availability of assistance with transition to postsecondary education was accessed by high school students; number meetings held between student alumni and high school students.

Outcomes: increase in number of students at pilot high schools attending postsecondary schools; follow-on funding (cash and in-kind).

Providing the Services of EKU's Cooperative Education Program Students to Education Extension Agents and Communities

Objective:

Utilize EKU's Cooperative Education Program (Co-op) students to publicize services being offered by and coordinating through EKU's Education Extension Agents. Have EKU Co-op students serve as ambassadors and mentors to the high school students in the service region.

Community Needs Addressed:

See community needs addressed by Education Extension Agents, above (as the address of those needs by the Education Extension Agents will be facilitated by the EKU Co-op students); encourage development of community centers that promote quality of life improvements; facilitate civic engagement among students through partnerships; create greater utilization of area high school facilities; promote civic engagement; provide training on civic responsibilities to out-of-school adults.

Method:

Have one Co-op student travel back to his or her former high school each Friday to person a kiosk at which information on each service offered by or coordinated through the county's Education Extension Agent will be available.

Metrics of Success:

Outputs: number of ECU Co-op students, replete with kiosks and community services information, employed in service area high schools.

Outcomes: number of people seeking information on available community services offered by or coordinated through Education Extension Agents; increase in number of people accessing community services; follow-on funding (cash and in-kind).

Creating Cooperative Education Programs for High School Students

Objective:

Create, for school districts that do not presently have them, cooperative education (co-op) programs, which enable high school students to expand their learning opportunities by an alternation of classroom study with paid, discipline and career-related work experiences. Through these experiences, students receive a realistic test of career interests and aptitudes, gain an understanding about the realities of work, and learn many things about people, practices and technology that can best be comprehended in a real-time work environment. The co-op program is an innovative instructional method that encourages learning and supplements the overall education experience for students. The program uses the world beyond the high school as a laboratory in which students can integrate classroom study with practice, resulting in an enriched education.

Community Needs Addressed:

Create equal and greater access to educational opportunities; pursue a program to improve school attendance throughout the county school systems; increase high school graduation rates; provide more training opportunities for students who wish to obtain a skill rather than continue their education in a post-secondary institution; provide apprenticeship programs; promote development of an educated, well-trained workforce; develop employability skills training on how to get and keep a job; provide targeted training to meet employer needs; establish a true paradigm whereby employer needs truly drive workforce development.

Method:

ECU's Cooperative Education Office staff can be instrumental in serving the region in offering its services in the development of programs in high schools not currently offering co-op

programs. The Director, Associate Director and Career Counselor of EKU's Cooperative Education Office will meet with the appropriate school officials and local employers in the development of a viable co-op program. After the development of the programs, the Office staff can serve as a resource to the high schools. Not only will this benefit the local high schools, but it will also benefit EKU. These endeavors would provide future opportunities for EKU Co-op students. EKU Co-op students could serve as ambassadors and mentors to the high school students. In addition, there may be local co-op employment opportunities for not only the high school students, but also for current EKU students from the service region.

Metrics of Success:

Outputs: number of meetings among service region school personnel and the Director, Associate Director and Career Counselor of EKU's Cooperative Education Office.

Outcomes: number of high school co-op programs created; number of students participating in newly created high school co-op programs; number of students (who otherwise would not have pursued postsecondary education opportunities) who gained post-high school full time employment resultant from newly created high school co-op programs.

3. Economic, including Workforce, Development.

Workforce Development through Improvement of Interpersonal Communication in the Workplace

Objective:

Increase efficiency and effectiveness of workers by increasing effective interpersonal communication in the workplace.

Community Needs Addressed:

Provide educational opportunities for area adults; promote development of an educated, well-trained workforce; provide targeted training to meet employer needs; establish a true paradigm whereby employer needs truly drive workforce development; provide administrative workforce development assistance to local government bodies; determine the most significant management/ educational needs of local government officials and personnel; train local officials in personnel administration and general management; create support for local businesses.

Method:

Faculty members from the College of Justice and Safety and the Workforce Education group in EKU's Continuing Education and Outreach Unit provide four hour courses to interested participants, including school district administrators and local and county government personnel.

Metrics of success:

Outputs: number of College of Justice and Safety and Workforce Education faculty giving program courses; number of program courses offered.

Outcomes: attendance at program courses; number of people able to complete program course successfully; follow up survey of relevance and satisfaction (to both participants and their employers); follow-on funding (cash and in-kind).

First Line Supervision Certificate Program

Objective:

Increase the core competencies (including basic and advanced supervision; motivating employees; legal issues for supervisors; time management; presentation skills; effective team building; conflict management; accident prevention; sexual harassment; coaching and workplace communication; creative problem solving; dealing with difficult people; effective communication skills; total quality management; computer skills, including basic, MS Access, MS Excel, MS PowerPoint and MS Word) of first line supervisors in industry, businesses, school districts, and local and county governments; equip supervisors with the interpersonal or “people skills” necessary to supervise others and increase overall performance of the businesses or offices in which they work. The target participant is one who has recently become a new supervisor, one who aspires to become a supervisor in the near future, or an existing first line supervisor without any formal training.

Community Needs Addressed:

Provide educational opportunities for area adults; promote development of an educated, well-trained workforce; provide targeted training to meet employer needs; establish a true paradigm whereby employer needs truly drive workforce development; provide administrative workforce development assistance to local government bodies; determine the most significant management/ educational needs of local government officials and personnel; train local officials in personnel administration and general management; train local officials in computer literacy and applications; create support for local businesses.

Method:

Workforce Education faculty from ECU’s Continuing Education and Outreach Unit provide thirty-six hour courses (which can be flexible in terms of how the days are scheduled) to

interested participants, including school district administrators and local and county government personnel, in classes not exceeding twenty-five persons.

Metrics of success:

Outputs: number of Workforce Education faculty giving program courses; number of program courses offered.

Outcomes: attendance at program courses; number of people able to complete program course successfully; follow up survey of relevance and satisfaction (to both participants and their employers); follow-on funding (cash and in-kind).

Entrepreneurship Training Program

Objectives:

Building upon successes previously achieved in Jackson and Madison counties, in six additional counties within the service region help prepare people interested in starting, growing, or strengthening a business; build skills in making good business decisions; implement innovative business development programs that help people become self-sufficient and give back to their communities; create jobs in the “for-profit” and “not-for-profit” sectors; advance the dissemination of entrepreneurial training programs; revitalize economic development; create awareness among entrepreneurs of the need for entrepreneurial education and training; create support for local businesses.

Community Needs Addressed:

Provide educational opportunities for area adults; create atmosphere that promotes local, homegrown businesses eliminate lack of entrepreneurs; provide entrepreneurship development; encourage cooperation and coordination between economic and community development groups and individuals to facilitate development and expansion of area businesses, communities, and business infrastructure.

Method:

Through a ten week training course to include comprehensive course material review, facilitated group discussion, networking, and business plan development, faculty from the College of Business and Technology educate the participant to ensure that decisions can be made based upon understanding of the fundamentals and processes of business startup and growth, as well as the experiences of others. The goal is to provide the necessary tools to ensure that proper planning can take place in order to increase the success rate for business startups and growth undertakings. Course content includes: the entrepreneurial mindset; the management team; legal

issues; marketing (purpose and research, analysis, penetration tactics); financial (the foundation, management tools, budgeting); operations and managing growth; and money sources. Methodology of instruction includes: providing entrepreneurs with skills to launch new ventures and grow existing businesses; partnering with recognized leaders in entrepreneurial education to disseminate training programs; teaching entrepreneurs the critical skills needed to operate and grow ventures; and facilitating networking for participants through the creation a database of graduates, publishing newsletters, and forming an internet network of participants and facilitators. Optional additional courses include: an E-Bay / Web Workshop class; and a QuickBooks Accounting class.

Metrics of Success:

Outputs: number of College of Business and Technology faculty giving program courses; number of program courses offered.

Outcomes: number of participants completing course; number of new businesses started; number of existing businesses expanded; number of new jobs created; number of businesses creating an Internet component; follow-on funding (cash and in-kind).

Expansion of Apiforestry Program

Objectives:

Increase apiforestation (the practice of reclaiming coal mine lands by planting honey bee attracting trees, shrubs, and vegetation) and the establishment of working bee yards on reclaimed coal mining sites. By working with coal companies and other regional interests to bring additional acres of mining reclamation lands into apiforestation and bee yard production, broaden the economic development programs capable of being developed within them, and expand the existing Apiforestry Program presently being conducted in Perry county by the Lost Mountain Honey Bee Project sponsored by EKU's Environmental Research Institute. Create service learning courses for both college and high schools students relating to the program, and expand community outreach and education programs in the participating communities.

Community Needs Addressed:

Escalate and improve upon efforts to fully develop potential agribusiness; for the environment, improve land use practices to better control erosion from areas of strip mining and prevent pollution and sedimentation of our rivers and lakes, and encourage improved post mine usage and to find better ways of utilizing post-mined land; create support for local businesses.

Method:

Accept additional tracts of land from mining companies that are desirous of having them reclaimed. Following apiforestation, establish working bee yards, including a queen bee production program (queen production is an underrepresented industry in the continental United States; establishing a queen production program in eastern Kentucky would enable beekeepers to

produce bees adapted to the specific conditions found in this region). Enhance rural economic development through beekeeping activities that provide eastern Kentucky communities with a wide range of economic possibilities: queen bee production (capable of providing high quality queens to commercial beekeepers throughout the nation) honey production; beeswax and cosmetic production; pollination services; and scientific research on bee genetics and overcoming bee colony collapse disorder.

Metrics of Success:

Outputs: number of Environmental Research Institute faculty, staff and students participating in the program; number of research projects undertaken through the program; number of cooperating coal companies participating; number of workshops, trainings, and outreach events offered to community audiences.

Outcomes: number of additional acres placed in apiforestation; total number of bee hives, colonies placed on reclamation sites; total honey production per season; total number of queen bees produced per season; number of community members working at apiforestry sites, bee yards; number of agribusiness commercial enterprises created; number of scholarly papers, presentations given per season; follow-on funding (cash and in-kind).

Section V

Program Budgets

Regional Stewardship Program Budgets

Expansion of Education Extension Agent Program

- \$175,000 Education Extension Agents
- 7,000 start-up expenses
- 50,000 travel expenses
- 28,000 m & o expenses

\$260,000 total

Transitions Services for the Mildly Disabled Program

- \$30,000 Transition Specialists
- 4,000 travel expenses
- 6,000 m & o expenses

\$40,000 total

Section VI

Bibliography

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Attachment C

Kentucky Council on Postsecondary Education
C/o Melissa T. Bell, Ph.D.
Senior Associate for Academic Affairs
1024 Capital Center Drive, Suite 230
Frankfort, KY 40601

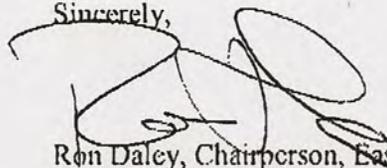
Dear Melissa:

I am submitting this cover letter to the Council on Postsecondary Education as evidence of our agreement on and support of the attached ECU Regional Stewardship Strategic Plan.

Under the guidance of Eastern Kentucky University's Regional Stewardship Advisory Committee, ECU's Office of Regional Stewardship created the Strategic Plan with the intention of meeting the needs of the communities located throughout Eastern Kentucky University's 22-county service region. Towards that end, strategic plan goals were not arrived at until community needs were ascertained. Accordingly, an alignment has been respectively created between community-articulated needs and regional stewardship strategic plan goals, as well as those goals and the regional stewardship programs outlined in ECU's submitted Regional Grant Funds Proposal.

As Chairperson, and on behalf, of Eastern Kentucky University's Regional Stewardship Advisory Committee, I express our support of the attached ECU Regional Stewardship Strategic Plan and look forward to continued collaboration as we seek to be good stewards of our region.

Sincerely,



Ron Daley, Chairperson, Eastern Kentucky University
Regional Advisory Committee
Senior Director, Advancement and Government Relations
Hazard Community and Technical College



HAZARD COMMUNITY AND TECHNICAL COLLEGE
The Local Opportunity Engine and Education Foundation

Council on Postsecondary Education
January 16, 2009

Upgrade Administrative Computing System
Kentucky State University

<p>ACTION: The staff recommends that the Council approve the request of Kentucky State University to use federal and institutional funds to upgrade the Administrative Computing System (ERS). The estimated project cost is \$4,000,000.</p>
--

Kentucky State University proposes to use federal (\$2,400,000) and institutional (\$1,600,000) money (\$4,000,000 total) to upgrade the Administrative Computing System (ERS), the hardware and software to support the administrative computing function of the university. The project requires interim authorization because the project as reviewed and recommended by the Council in November 2007 was not included in the 2008 Appropriation Act (HB 406). Without interim authorization of the project to purchase upgraded hardware and software systems, the university will not have a functioning financial management system. The federal funds are available and the authorization will allow the work to be completed. The Kentucky State University board of regents approved the project as a part of its 2008-10 capital projects request. No further action is required of the KSU board.

The Council has the statutory responsibility to review and approve postsecondary education capital projects costing \$600,000 or more, regardless of fund source, that have been approved by an institution's governing board. During the interim, capital projects are evaluated under the requirements established by KRS 45.760(14) and KRS 45.763. Since the estimated cost of this project exceeds the \$600,000 threshold, the Council and the Capital Projects and Bond Oversight Committee must approve the project before it is initiated. The project meets the requirement of KRS 45.760(14) that the source of funds be at least 50 percent federal or private.

Kentucky State University states that funding for the project will come from Federal Title III funds and institutional funds originally budgeted for the project. The university further confirms that the federal and institutional funds are available to implement the project. The university does not anticipate debt financing any portion of this project. Kentucky State University staff and the Finance and Administration Cabinet will implement the project. The project is scheduled to be completed by May 2010.

Following Council approval, the staff will forward the Council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

Staff preparation by Sherron Jackson

**Council on Postsecondary Education
January 16, 2009**

**Renovation of Wildcat Lodge
University of Kentucky**

ACTION: The staff recommends that the Council approve the request of the University of Kentucky to renovate the Wildcat Lodge residential facility on the university's main campus with \$1,500,000 of private funds. The project scope is \$1,500,000.

The University of Kentucky proposes to renovate the Wildcat Lodge residential facility using \$1,500,000 of private funds. The facility houses the university basketball players and other UK students. The total project cost is \$1,500,000. The University of Kentucky's board of trustees approved the project at its December 9, 2008, meeting.

The Council has the statutory responsibility to review and approve postsecondary education capital projects costing \$600,000 or more, regardless of fund source, that have been approved by an institution's governing board. Since the estimated cost of this project exceeds the \$600,000 threshold, the Council and the Capital Projects and Bond Oversight Committee must approve the project before it is initiated. During the interim, capital projects are evaluated under the requirements established by KRS 45.760(14) and KRS 45.763.

This project will implement general refurbishment of the interior finishes (carpet, walls, stairways, and general furnishings), interior lighting improvements in the common areas, and replacement of several nonfunctional exterior glass doors. The project is scheduled to be completed by fall 2009. The project requires interim authorization because the private donors have all come forward after the 2008-10 budgetary process was completed and to allow the university time to properly design the renovation, go through the project bid process, award a contract, and complete the work during late spring and summer of 2009. The project will result in an improvement to state-owned property with ownership of the improvements to accrue to the university upon completion.

The University of Kentucky states that funding for the project will come from privately raised funds. The university further confirms that the private funds are available to implement the project. The cost of operations and maintenance for this project is provided by the university and does not represent a demand on the General Fund.

The project meets the requirement of KRS 45.760(14) that the source of funds be at least 50 percent federal or private. The university does not anticipate debt financing any portion of

this project. The University of Kentucky's Capital Project Management Division will implement the project, and the university will pay the operations and maintenance.

Following Council approval, the staff will forward the Council's recommendation to the secretary of the Finance and Administration Cabinet and to the Capital Projects and Bond Oversight Committee.

**Council on Postsecondary Education
January 16, 2009**

Capital Project Pools Update

The following is a brief update on several capital or institutional infrastructure related issues.

2008-10 Capital Renewal Pool (HB 406)

The 2008 General Assembly restored a \$13.9 million Capital Renewal and Maintenance (CR&M) Pool of matching funds to address critical upgrades and replacement of building systems (e.g., HVAC systems, electrical systems, and roofs) that was vetoed following the 2006 session. Similar capital renewal pools of \$20.6 million and \$30 million were funded in the 1998-2000 and 2000-02 biennia, respectively. However, these pools provide only a small fraction of the resources needed to adequately upgrade and preserve what is increasingly an aging institutional infrastructure according to the comprehensive facilities assessment study completed in 2007. There is a requirement that the institution provide a match for each dollar received from the pool.

In accordance with the Council's adopted guidelines, the following institutions have submitted projects for staff review and are implementing the projects to preserve the existing physical assets on their campuses.

Eastern Kentucky University

In accordance with the guidelines, EKU selected one project to be implemented at this time. The total scope is \$2,361,250 (\$1,353,200 state and \$1,008,050 institution). The project and funding proposal meet the requirements of the Council and HB 406.

Kentucky Community and Technical College System

In accordance with the guidelines, KCTCS selected 18 projects to be implemented at this time. The projects are distributed across 16 colleges of the system. The total scope is \$5,408,900 (\$3,181,700 state and \$2,227,200 institution). The projects and funding proposal meet the requirements of the Council and HB 406.

Kentucky State University

In accordance with the guidelines, KSU selected two projects to be implemented at this time. The total scope is \$702,800 (\$369,900 state and \$332,900 institution). The projects and funding proposal meet the requirements of the Council and HB 406.

Murray State University

In accordance with the guidelines, MuSU selected seven projects to be implemented at this time. The total scope is \$1,677,220 (\$986,600 state and \$690,620 institution). The projects and funding proposal meet the requirements of the Council and HB 406.

2008-10 Research Challenge Trust Fund and Comprehensive University Excellence Trust Fund Program Activities

The 2008 General Assembly authorized \$50 million in General Fund supported bonds in 2008-09 for the Research Challenge Trust Fund (RCTF) to support the Endowment Match Program and a newly created Research Capital Match Program. In accordance with KRS 164.7917, these funds are allocated two-thirds to the University of Kentucky (\$33.3 million) and one-third to the University of Louisville (\$16.7 million).

The 2008 General Assembly also authorized \$10 million in bond funds in 2008-09 for the Comprehensive University Excellence Trust Fund (CUETF) to support Endowment Match Program activities or to fund capital projects at the comprehensive universities. These funds are allocated among the comprehensive institutions based on their respective share of total 2007-08 General Fund appropriations, excluding debt service and specialized noninstructional appropriations.

In accordance with the Council's adopted guidelines, two institutions (Murray State University and the University of Kentucky) have designated a portion of the B4B funding to complete capital projects and have notified the Council. The final deadline for institutions to identify/report the funds split is June 30, 2009. Following the January 16 meeting, certification of the project awards under the Research Capital Match Program and the Comprehensive University Excellence Trust Fund will be communicated to the secretary of the Finance and Administration Cabinet, the Capital Projects and Bond Oversight Committee, and the Interim Joint Committee on Appropriations and Revenue. There is a dollar-for-dollar matching requirement. The projects are described below.

Murray State University

Total CUETF funds	\$1,580,000	15.8% of Pool
Allocated for capital to date	\$298,500	18.9% of Share
Private/institution match pending	\$298,500	\$ for \$ Match
Institution Funds	\$0	
Total Project Scope	\$597,000	Fully Funded

The Murray State University board of regents approved an initial allocation of CUETF funds between the capital and endowment matches – 18.9 percent capital and 81.1 percent endowment match. The university and board are now in the process of identifying specific capital projects and gifts to match the allocation. The board action was completed November 14, 2008. If the project chosen is new construction, the cost of opening and annual operation will be estimated and reported at the time the selected project is reported.

University of Kentucky

Total RCTF funds	\$33,300,000	66.7% of Pool
Allocated for capital to date	\$8,300,000	25% of Share
Private/institution match confirmed	\$8,328,125	\$ for \$ Match
Additional Institution Funds	\$3,371,875	No Pool Match
Total Project Scope	\$20,000,000	Fully Funded

The UK board of trustees approved the initiation of a capital project and confirmed the receipt of private gifts and pledges sufficient to match pool funds to implement the project. The project selected is Digital Village Building #2. The board took action December 9, 2008. The annual cost of operation and maintenance is estimated to be \$500,000. The university will request state General Funds in the 2010-12 biennial budget to cover these expenses. To the extent that funds are required, the university has certified that nonstate General Funds are available to cash flow the project until the pledge and state bond funds are available.

Description of Project: The Digital Village Building #2 is the second of four buildings in the digital village (the Hardyman Building is building #1). Building #2 will be a 43,000 gross square foot facility housing the research activities of the Center for Visualization and Virtual Environments as well as selected research activities in the departments of computer science, electrical engineering, and computer engineering. The facility will strengthen the university's ability to compete in nanotechnology research leading to significant increases in external research funding, serve as a magnet to high-tech industries, and foster the spin-off and development of small companies. While not a requirement for implementation, this project is authorized by HB 406 (page 159 of 247) at a scope of \$20 million in restricted funds.

Council on Postsecondary Education
January 16, 2009

SB 189 Report to Legislative Research Commission

Senate Bill 189, passed by the 2008 General Assembly, focuses on protecting the investment of public funds in state-owned facilities through planned maintenance, renewal, and renovation. SB 189 further recognizes that minimizing deterioration of state-owned facilities, limiting the effects of cost inflation associated with the deferral of necessary major maintenance and repair, and ensuring that facilities comply with necessary health and safety requirements, requires a proactive policy to preserve and protect the public investment.

The General Assembly directed the Council on Postsecondary Education and the Office of the State Budget Director to produce and present to the Legislative Research Commission on or before December 1, 2008, a report with recommendations addressing the establishment and implementation of a process for funding deferred and future major capital renewal, maintenance, and renovation needs costing \$600,000 or more for facilities owned by the Commonwealth and operated by the postsecondary institutions.

Because of unforeseen budget circumstances the final report is delayed. The Council staff continues to work with the Office of the State Budget Director to complete and finalize the report. If the report is completed in time, it will be made available at the January 16 meeting.



Eastern Kentucky University Highlights & Achievements

www.eku.edu

- A partnership between **Eastern Kentucky University** and **General Atomics** could provide the basis for a new and sustainable fuel production industry in Kentucky and ultimately have a global impact. With the establishment of the **Eastern Kentucky University Center for Renewable and Alternative Fuel Technologies (CRAFT)**, researchers will examine the potential for a cellulose-derived biodiesel industry in Kentucky.
- **The Carnegie Foundation for the Advancement of Teaching** has recognized Eastern for its strong commitment to community engagement. ECU, honored for both for its curricular engagement and its outreach and partnerships, is among 119 U.S. colleges and universities the Foundation selected for its 2008 Community Engagement Classification. These institutions join the 76 institutions identified in the 2006 selection process.
- The buzz about ECU's **beekeeping initiative** has reached the shores of Ireland. Irish filmmakers Ross McDonnell and Carter Gunn shot footage on the Eastern campus and at the Thunder Ridge surface mining site in Leslie County for possible inclusion in their documentary, "Colony."
- Students who participate in a Greek social fraternity or sorority at Eastern are helping themselves and the community, according to a recent study. According to an **Educational Benchmarking Inc. / Association of Fraternity Advisors fraternity/sorority assessment** and Greek annual reports, ECU's Greek community (approximately 1,000 Greeks in 27 fraternities and sororities) averaged 63,000 hours of community service over the past three years.
- Thirty-seven **Professional Education Fellows** from Eastern Kentucky University are working closely with teachers and administrators in various school systems in central and southeastern Kentucky, collaboratively addressing needs identified by school officials. Since the program was established in 2001 by ECU's **College of Education**, approximately 50 University educators from all academic colleges have shared their expertise in more than a dozen different school districts. Each participating ECU faculty member works with a school district for at least 40 hours on site over a three-year period.
- For many years, Eastern Kentucky University has routinely fielded more student panelists at the **National Collegiate Honors Conference** than any other institution. That was true again this year in San Antonio, Texas, where 30 students participated on panels and 22 more attended the conference.
- U.S. Forest Service Southern Research Station Fisheries Research Biologist Wendell Haag, Ph.D., a 1981 **EKU biology graduate from Lexington, has received the Presidential Early Career Award for Scientists and Engineers from President Bush** during a ceremony in December at the White House. Haag was among the nearly 70 scientists and engineers receiving the award, which is the highest honor that a young scientist or engineer can receive in the United States.

January 2009

KSU Activity

The University has completed the first phase of the SACS reaffirmation process. The University sent in its Compliance Report in September for the off-site review.

The University is now moving into the second phase. This phase requires preparing a response to the preliminary review, in the format of what SACS calls a Focused Report.

The AuthorHouse has published Dr. Michael Kasongo's autobiography, *Born to be a Preacher and a Teacher: The Life Story of Michael O. Kasongo*. Dr. Kasongo is an Associate Professor in the Division of Behavioral and Social Sciences. He is also an ordained minister in the United Methodist Church. His previous publications include the *History of the Methodist Church in Congo*.

The Art Area sponsored an Art Festival on Saturday, December 6, 2008, in collaboration with local artists. Twenty-two visual artists participated and two local bands performed. Approximately 150 people were in attendance for this first event in Shauntee Hall as the new official Art Area facility.

Dr. Karah Stokes has been chosen as Vice President of the Kentucky Philological Association for 2009.

Dr. April Fallon's paper "Mutability and Paradox in the Poetry of Lorine Niedecker" has been accepted at the 2009 *Louisville Conference on Literature and Culture Since 1900*, and she has been asked to write the encyclopedia entry on Lorine Niedecker for *The Literary Encyclopedia*, sponsored by the University of East Anglia.

The Division of Literature, Languages and Philosophy's Journalism area successfully launched *KSU Reflections* on October 25. The weekly student-run talk radio show airs on Saturdays from 8:00 a.m. to 9:00 a.m. *KSU Reflections* is produced by KSU Journalism and Mass Communications students. Students in public relations and advertising also sell advertising for the show under the supervision of Max Maxwell in the Division of External Relations and Development.

Dr. Steven Gale, Endowed Chair for the Humanities, was featured on "Think Tank with Ben Wattenberg," a television program, where Gale discussed the works of 20th century humorist S.J. Perelman, the award-winning writer for *The New Yorker* and other publications. Dr. Gale is an authority on Perelman, having published three books and several articles about his writing.

The Division of Aquaculture just completed its third video-based online course, *Fish Reproduction and Spawning Techniques*, and its fourth internet course. This course will be offered in the fall 2009 semester. To date, students in 36 states and 15 countries have taken KSU Aquaculture online courses.

Dr. Miles Lange, Frankfort native and KSU Aquaculture's first graduate student to earn a Ph.D., returned to campus to speak with KSU students about his dissertation research on immunology. Dr. Lange received his doctorate from the University of Mississippi Medical School and has accepted a position at the University of Nebraska where he will work and pursue post-doctoral studies.

Dr. Myna Panemangalore, Principal Investigator for the nutrition and health research program, has been appointed formally as a reviewer for the online *Journal of Biotech Research* by the editor-in-chief of the journal.

Dr. John Sedlacek, Principal Investigator of Entomology, and Dr. Robert Barney, Associate Research Director and Principal Investigator in the Community Research Service, attended the 56th Annual Meeting of the Entomological Society of America in November. Dr. Sedlacek presented a research poster co-authored by Karen Friley, Co-Investigator of Entomology, titled "Populations of Beneficial Insects in Organically Grown Sweet Corn Using PredaLure Insect Attractant." Dr. Barney presented a paper titled "Darwin's Evolution as a Coleopterist."

Dr. George Antonious of the KSU Land Grant Program, in collaboration with Western Kentucky University through the statewide Kentucky Mesonet Consortium Project grant, has completed the installation of a new weather station at the KSU Research Farm. The new weather station connects the KSU Research Farm to a series of weather stations in Kentucky to ensure short- and long-term monitoring for various natural and man-made hazardous conditions. Kentucky Mesonet is a network of automated weather and climate monitoring stations in different locations throughout Kentucky. It was developed by the Kentucky Climate Center at WKU to serve researchers and students monitoring environmental quality as well as to serve the diverse needs in communities across the Commonwealth.

Dr. Kirk Pomper, Principal Investigator of Horticulture in the Community Research Service, recently had a journal article published in the *Journal of Agricultural and Food Chemistry*, "Loss of Ripening Capacity of Pawpaw Fruit with Extended Cold Storage." The article was the result of a collaborative research project with Drs. Federica Galli and Douglas Archbold, who are researchers in the Department of Horticulture at the University of Kentucky.

Dr. Michael Bomford of KSU's Land Grant Program was one of 20 world "visionaries" invited to present at a two-day summit on rooftop farming in Berkeley last week. The summit was featured in Friday's *New York Times* article, "[Visionaries Work to Get Rooftop and Vertical Farming Off the Ground.](#)" Dr. Bomford's presentation on greenhouse energy use will be posted at <http://www.skyvegetables.com>.

The KSU Marching Band has been invited to participate in the Honda All Stars "Battle of the Bands" in Atlanta, Ga.

KCTCS Online to Offer 24/7, Affordable and Accredited Higher Education to Working Adults

This spring, The Kentucky Community and Technical College System, the leading provider of online education in the state of Kentucky, will launch KCTCS Online, a virtual learning initiative designed to attract more adult learners to online education.

In 2006, KCTCS realized a need for KCTCS Online after conducting an extensive statewide market research study among prospective students that indicated the state could triple the number of adults interested in pursuing higher education by offering online college degrees in a format more conducive to working adults.

Additionally, dialogues with CEOs across the state revealed the need among businesses and industries for modular on-line course offerings that would allow employees to take classes anytime, anyplace and anywhere.

As a result of these studies, KCTCS Online will provide students with a college experience that does not require them to physically open the door of any of our 16 colleges and provides additional, flexible program options targeted to the working adult.

Specific product highlights include:

- With KCTCS Online, students will never need to physically visit a KCTCS campus. They can access KCTCS Online courses and support services 24 hours a day, seven days a week and 365 days a year. Enrollment, academic advising, technical assistance, textbooks and library resources are all available to students via online or by phone.
- KCTCS Online classes are divided into modularized courses completed in timeframes of 3-8 weeks. Students can enroll in the number of modules that is right for their schedule. The modules build toward credits, and credits build toward certificates and degrees.
- If employers need to provide training in a specific skill, they can enroll their employees in the module needed to complete that skill –wasting zero time and money on unneeded training.
- KCTCS Online will offer the same, low tuition as regular KCTCS course offerings. Plus, the modular approach breaks tuition into even smaller increments.



- KCTCS Online courses are offered through our KCTCS colleges and are fully accredited by the Southern Association of Colleges and Schools.
- Students may be eligible to receive credit for prior knowledge on KCTCS Online course modules.

The KCTCS Online product launch will begin with a soft rollout in late January and a public launch in late March. The initial offerings will include an associate degree in business administration, an

associate degree in information technology, and certificates that address specific workforce needs. In total, 241 modules will be offered this spring, and additional modules in Nursing and Industrial Maintenance Technology will be added during 2009.

The KCTCS online learning initiative is designed to give thousands of working Kentuckians the opportunity to pursue a flexible, accredited, and affordable higher education.



“Good News” Report from Morehead State University

- Dr. Emma Gillespie Perkins, associate professor of art, was named 2008 Kentucky Art Educator of the Year during the Fall 2008 KyAEA State Conference. The Kentucky Art Educator is presented by the Kentucky Art Education Association (KyAEA) to individuals who significantly contribute to the organization, the discipline of art education, and to art education in Kentucky.
- Dr. Charles Patrick, assistant to the provost/SACS director, received the Exemplary Service Award from the National Association of Industrial Technology (NAIT) during its banquet in Nashville on November 21. The NAIT Exemplary Service Award was established in 1988 and was renamed the Dr. Alvin Rudisill Exemplary Service Award in 2002 in honor of Al Rudisill who served as NAIT's executive director for more than 20 years before his retirement in 2002.
- MSU was named the 2008 Kentucky Horse Council Educational Partner of the Year. The award was announced at the KHC annual conference. According to the KHC, the “Educational Partner Award” is designed to recognize a learning institution that acknowledges and values the importance of quality achievement through community involvement and outreach. MSU is such a school. The faculty and staff of the equine program are professional, caring, and overwhelmingly willing to share their knowledge with others. The faculty and staff support community education and students also are encouraged to be part of the educational outreach process.
- Tony Nash, spirit coordinator, has been named a head coach of the USA Cheer national team. The USA Federation for Sport Cheerleading, also known as USA Cheer, has begun the process of selecting two national teams to represent the United States at the International Cheer Union’s 2009 World Cup. Sixty top cheerleaders will be chosen to form an all-girl team and a coed team.
- Andrea Marks, Morehead State University graduate in agriculture from Lewisburg, Ohio, recently received the prestigious Ken Noah Award for Outstanding University co-op/intern student for 2008. The award is given annually by the Kentucky Association of Colleges and Employers (KACE).
- Several students recently received awards at the Kentucky Music Teachers National Association Chamber Music Competition. The MSU group Iris was named winner of the Saxophone Quartet competition. Members of the Iris Saxophone Quartet are Elena Pederson of Lake Mary, Florida; Josh Bradley of Morehead; Trevin Little of Pikeville; and Harrison Atzinger of Louisville.
- Students and faculty from the Department of Art’s ceramic lab have crafted more than 500 bowls that will be contributed to a project to fight hunger. MSU students and faculty donated their work to Empty Bowls, an international movement comprised of independent community events joined together to fight hunger. Empty Bowls was started

by potters to encourage the nexus of ceramic production and community involvement. Each event is organized locally and raises money that goes to feed the hungry in that region.

- Dr. Kimberly Peterson, assistant professor of veterinary technology, and Dr. Mattie Decker, associate professor of education, have been recognized for their work with a special project. Their project, “Another Chance at Life and Learning: Department of Juvenile Justice Greyhound Program,” won the prestigious Kentucky Animal Hall of Fame award. This award is a yearly recognition presented at the annual Kentucky Veterinary Medical Association business luncheon during the Mid-America Conference.
- A husband-and-wife team of faculty members with a total of 82 years of service to Morehead State University were awarded honorary doctoral degrees at MSU’s Winter Commencement, Saturday, December 13. Dr. George M. (Mac) Luckey Jr., professor emeritus of philosophy, and Dr. Sue Y. Luckey, professor emeritus of business, each received the degree of Doctor of Public Service for their distinguished academic careers.
- MSU recognized an MSU alumnus who earned America’s highest award for wartime heroism. A memorial marker was dedicated near the Little Bell Tower in honor of the late William E. Barber. Barber, then a captain, received the Medal of Honor for heroically leading his Marine rifle company in a desperate five-day defense of a frozen mountain pass vital to the 1st Marine Division's breakout to the sea in December 1950 in the Chosin Reservoir campaign of the Korean War. He received the medal in 1952 from President Harry Truman.

MURRAY STATE UNIVERSITY

Fostering excellence
Creating community
Building partnerships



Holiday tradition

Murray State University's fifth annual *The Holidays at Murray State University 2008: The Sights, The Sounds, The Season*, produced for KET television, has expanded to its largest audience ever, reaching approximately 25 million homes across the United States. *Holidays at Murray State* is a unique offering of musical groups filmed around campus and the region.



Fulbright Scholars

MSU faculty Dr. Stephanie Rea, associate professor in music; Dr. Latricia Trites, associate professor in English; and Dr. William Mulligan, professor in history, were awarded Fulbright Scholars grants for the 2008-09 academic year. The U.S. Department of State and the J. William Fulbright Foreign Scholarship Board sponsor the awards. Rea will teach music courses in flute and conduct research at the Hochschule fuer Musik und Darstellende Kunst in Frankfurt, Germany, from March through August 2009. Trites is already conducting her teacher training as part of the Fulbright Yilan Project in Yilan, Taiwan. Mulligan is lecturing and conducting research on the migration from the Beara Peninsula to the U.S. during the years 1840-1920 at University College Cork-National University of Ireland from January through May 2009.

Rated Top 100



Kiplinger has recognized MSU for the fourth consecutive year as one of the top 100 best values among public universities across the nation on *Kiplinger's 100 Best Values in Public Colleges for 2008-09*. Murray State is the only public university in Kentucky included in the rankings, which feature schools that excel at combining first-class academics with an affordable price tag.

THE CHRONICLE

of Higher Education

Dr. Michael Basile, director of Institute for International Studies, contributed to an article the *Chronicle* ran recently on foreign student growth in the United States. MSU foreign-student enrollments overall are up nearly 30 percent this fall from last year and support the largest ESL program in Kentucky.

10-year commitment

BB&T Foundation has made a \$1 million commitment to Murray State University. The gift, payable over 10 years, will fund the BB&T Center for Free Enterprise and Organizational Democracy in the college of business and public affairs. The gift will support faculty research and student scholarship, including an annual student research competition and graduate research assistantships.



Sports spotlight

Senior Amber Guffey became the first Murray State women's basketball player to be named to the Naismith Trophy Watch List, awarded to the top women's basketball player in the nation. The Naismith Trophy watch list consists of 50 NCAA Division I women's basketball players from across the country. Selection criteria is based on player performances from the previous year and expectations for the 2008-09 season. The Naismith Trophy will be awarded at the 2009 NCAA Women's Final Four in St. Louis, Mo.



Honored faculty

The Carnegie Foundation for the Advancement of Teaching and the Council for Advancement and Support of Education (CASE) have named Dr. Ricky Cox, chemistry professor at MSU, the 2008 Kentucky Professor of the Year. Cox was selected from nearly 300 top professors in the United States.



NKU Taking Major Steps to Graduate Students Faster: *Reduction of Minimum Credit Hours, Departmental Roadmap Development*

Northern Kentucky University is taking major steps toward reducing the time it takes undergraduate students to graduate.

At its September 2008 meeting, the NKU Board of Regents approved a reduction of the minimum total number of credit hours required to graduate from 128 to 120. This reduction received the unanimous support of the Faculty Senate and was also approved by the provost and NKU President James C. Votruba. NKU's general education hours are also currently being examined for reduction.

"Reducing the minimum number of credit hours required to graduate will make it possible for more students to graduate within their preferred time frame," Votruba said. "As important, it will allow students to focus more deliberately on those courses which are directly applicable to their careers after graduation."

In addition, all NKU academic departments are currently developing road maps to four-year degree completion. Academic guides will give students the information and the tools they need to be successful and efficient as they work toward degree completion.

These guides will show students how to complete individual academic programs in 120 hours. They will include example schedules that demonstrate how students can meet all graduation requirements - not just those for their major - in four years. This will include details such as how often required courses will be offered and whether they will be offered in the daytime, evening or both in a given semester.

"Without this information, students can find it extremely difficult to balance work and class schedules," Votruba said. "This should make that juggling much easier."

NKU Center for Economic Analysis and Development Filling Critical Regional Economic Niche

The NKU Haile/US Bank College of Business recently launched the Center for Economic Analysis and Development (CEAD) in the NKU Haile/US Bank College of Business.

"As an institution, NKU is committed to regional stewardship and economic development," said John Beehler, associate provost for economic initiatives and dean of the Haile/US Bank College of Business. "As part of our comprehensive economic initiatives plan, the Center for Economic Analysis and Development will play a key role in conducting high-quality, objective economic analysis and business research for the benefit of organizations in our region."

Janet Harrah is senior director of CEAD. Harrah came to NKU after 21 years of experience as an applied economist, including 10 years as director of a similar center at Wichita State University.

"When it comes to future economic development and analysis in the Northern Kentucky region, the CEAD will play a major - if not indispensable - role," said Dr. Gary Clayton, chair of NKU's Department of Economics and Finance.

"A key ingredient to good decision making is quality information, research and analysis," Harrah said. "One of the primary roles of the CEAD will be the collection, analysis and dissemination of economic and business information and trends for the region."

CEAD began sending out monthly *By the Numbers* newsletters to local business leaders, media and economic experts in the fall.

The December 2008 newsletter featured topics such as unemployment, population trends and a current economic conditions index. The publication has already become a critical regional economic tool.

NKU Closes Parking Lots, Turns Down Thermostat - Savings Projected at \$40,000

NKU implemented a number of energy-saving measures during the recent winter break, resulting in a projected savings for the university of about \$40,000.

As part of the plan, many parking lots and all of its parking garages were closed (no lighting, no snow removal) from Dec. 23 through Jan. 11.

In addition, all but a few campus buildings were closed from Dec. 23 until Jan. 5. Temperatures in closed buildings were set at near 55 degrees, most elevators were shut down and interior lighting and other physical plant systems were turned off.

Similar measures were enacted during the four-day Thanksgiving break at NKU, resulting in a savings of over \$7,000 in electric cost and approximately 113,000 kilowatt hours of electricity.



Campus Success

- The University of Kentucky will build an \$18.6 million building to house high-technology research on visualization, computer science, and electrical and computer engineering as part of a “Digital Village” complex in the Maxwell Street-Rose Street vicinity. The building will be funded through \$9.3 million from private donors. The University will request matching funds from the state’s Research Capital Match Program when those funds become available. The Marksbury Family Foundation, created recently by Davis and Beverly Marksbury, is contributing \$6 million for the project, which will be named the Davis Marksbury Building.
- Terry Anderson, the American journalist held hostage for seven years in Lebanon, has joined the UK faculty. Mr. Anderson will serve as a faculty member in the School of Journalism and Telecommunications, as well as assist the Provost’s office with international outreach. He also will work with UK’s Institute for Rural Journalism and Community Issues and the Scripps Howard First Amendment Center.
- Dr. Jay A. Perman, Dean of the UK College of Medicine and Vice President for Clinical Affairs, is the 2008 recipient of the Murray Davidson Award presented by the American Academy of Pediatrics. This award recognizes an outstanding clinician, educator, and scientist who has made significant contributions to the field of pediatric gastroenterology and nutrition. **Dr.** Perman is an active and continuing force in the practice of pediatric medicine in addition to his administrative duties.

Student Success

- Students from UK’s Gatton College of Business and Economics excelled in their first-ever opportunity to compete in the prestigious *Wall Street Journal* National Biz Quiz at Ohio State University in November. Sophomore Jeffrey Howard of Louisville, a Gatton Global Scholar majoring in accounting and minoring in international business, captured first place in the individual competition among 72 participants representing 24 undergraduate colleges and universities from across the U.S. Gatton’s three-student team of Howard, finance and management senior Mark Spurlin of Danville, and Ryan Hayes, a senior from Frankfort majoring in decision science and information systems, placed fourth out of the 24 teams, beating out squads from schools such as Carnegie Mellon, Cornell, Emory, Michigan, North Carolina, and Notre Dame.

Research and Outreach Success

- UK’s Center for Applied Energy Research (CAER) has opened an office modeled on the Cooperative Extension Service to provide information about energy to eastern Kentuckians. The office is housed in Morehead State University’s Regional Enterprise Center in West Liberty. Heading the effort is Greg Copley, who has nearly 30 years of experience dealing with environmental issues including air pollution, hazardous material spills, asbestos abatement, and compliance assistance to small businesses. With energy news at the forefront of everyday life in America, CAER’s staff provides a unique opportunity for citizens with concerns and ideas to reach an expert who can answer their questions.
- Sales of highly sought-after tickets to this year’s internationally-known Barnstable Brown Gala will leave a lasting impact on Kentucky and beyond for decades to come. Patricia Barnstable Brown and her family have pledged funding to develop the Barnstable Brown Kentucky Diabetes and Obesity Center at UK. For the first time this year, the gala’s charitable focus will develop a large-scale center at UK that officials say will bring together the University’s breadth and depth of researchers, educators, and clinicians focused on diabetes and organize them to attack the problem collaboratively.



Community Engagement

The University of Louisville entered 2009 with a new rating as one of the nation's top "community engagement" schools from the Carnegie Foundation for the Advancement of Teaching. UofL was one of only 119 schools in the United States and three in Kentucky to earn top marks in two areas, curricular engagement and outreach and partnerships. The foundation developed the rating to recognize colleges and universities that are deeply involved with their communities. In that spirit of involvement, UofL announced in early January that it would promote free public use of its libraries on Sundays to help offset a planned cut-back in hours at Louisville Metro Government's 17 public libraries. In another development, Kent School of Social Work reported that its students contributed 32,000 hours of service to community causes last fiscal year, joining more than 5,400 UofL faculty, staff and students who volunteer annually.

KEEPing Energy Costs Down

Schools across Kentucky spent \$160 million on energy in Fiscal Year 2006–07. But by doing a few simple things, such as switching to energy-efficient light bulbs, they could trim millions off that bill.

The Kentucky Pollution Prevention Center in UofL's Speed School of Engineering is working with schools districts throughout the state to help them reduce energy costs in a program called the Kentucky Energy Efficiency Program for Schools. In a pilot project last fall, KEEPS helped five school districts and three colleges and universities save more than \$1 million—a reduction of nearly 10 percent—by being more energy efficient.

The program is now being expanded and state law will require all Kentucky schools to participate by the start of 2010.

Cancer research gets \$20 million boost Cancer research at UofL received a big boost near the end of 2008 when UofL's James Graham Brown Cancer Center received a \$20 million gift from the James Graham Brown Foundation. The gift, the largest single private donation in the university's history, will be used to fund studies in adult stem cell biology, anti-cancer vaccines and non-toxic cancer therapies. Research funding at the Brown Cancer Center has grown to more than \$51 million since 1999 and more than 90 new doctors and researchers have joined the facility.

Surgeons implant HeartWare device UofL surgeons at Jewish Hospital have successfully implanted a HeartWare ventricular assist system into the chest of a 49-year-old man with heart failure, becoming the second in the nation and the first in Kentucky to do so. The device, designed to be a "bridge" to a heart transplant, helps patients avoid the abdominal surgery usually required in implants. Mark Slaughter, chief of UofL's Division of Thoracic and Cardiovascular Surgery, performed the procedure in November. The HeartWare device has been tested at five centers in Europe and Australia and is now being tested in the United States.

Scientist earns top honor Roberto Bolli, a cardiovascular scientist and one of the first UofL researchers hired through Kentucky's Bucks for Brains program, recently was named a 2008 American Heart Association Distinguished Scientist. He joins a notable group that includes several Nobel Prize winners. The award honors those who have made major contributions to cardiovascular and stroke research. Bolli studies how the heart can protect itself from tissue damage, work that is paving the way for genetic therapies and other groundbreaking heart disease treatments. He also directs UofL's Institute of Molecular Cardiology and its Division of Cardiology.

Project to improve campus safety The Kentucky Transportation Cabinet has awarded \$1.6 million to UofL to build a pedestrian crosswalk through Freedom Park at the west edge of Belknap Campus in a project designed to highlight the state's role in the evolution of civil rights. The UofL Foundation is providing a 20 percent match for the project, increasing its total amount to \$2 million. Other improvements at the site will include landscaping and lighting, expanded bike pathways, pedestrian "cardiopath" and traffic improvement measures at nearby Stansbury Park.



A LEADING AMERICAN UNIVERSITY WITH INTERNATIONAL REACH

THREE WKU STUDENTS RECEIVE GILMAN SCHOLARSHIPS

Three WKU students have received prestigious Benjamin A. Gilman International Scholarships for the spring 2009 semester. Recipients of the study abroad scholarships are: Abbie Hutchison, a senior economics major from Hardinsburg, who received a \$3,500 award to participate in a project in Ecuador; Jessica Jenkins, a sophomore biology major from Woodburn, who received a \$4,000 award for the Buenos Aires, Argentina, Study Abroad Semester; and Joshua Smith, a senior political science and religious studies major from Bowling Green, who received a \$4,500 award to study Arabic as a Foreign Language at Yarmouk University in Jordan.

WKU PRESENTS HONORARY DOCTORATE TO LARNELLE HARRIS

Gospel recording artist Larnelle Harris received an honorary doctorate of fine arts from WKU. WKU President Gary Ransdell, Registrar Freida Eggleton and Board of Regents member Jim Johnson made the presentation at the sold-out “A Larnelle Harris Christmas” concert with the Bowling Green Chamber Orchestra. Harris, a 1969 WKU graduate, has received five Grammy Awards, 11 Dove Awards and has had 19 No. 1 songs and numerous top 10 hits. His latest recording, “I Want to Be a Star,” has earned three top 20 national radio singles.

ON TARGET FOR 2008 GOALS, MESONET STAFF READY FOR BUSY 2009

The Kentucky Mesonet is on target to reach a goal of having 20 sites operational by the end of 2008, according to Dr. Stuart Foster, director of the Mesonet and the Kentucky Climate Center at WKU. The Mesonet is a statewide automated environmental monitoring network. Five new stations – Knox, Christian, Franklin, Hopkins and Jackson counties – are in operation bringing the network’s total to 17 that provide data on temperature, precipitation, humidity, solar radiation, wind speed and direction. Five more sites – Barren, Breathitt, Carroll, Lincoln and Owen counties – are ready for equipment installation with site work ready to begin at five additional sites in Breckinridge, Crittenden, McLean, Morgan and Union counties. Data from the Mesonet stations is available online at <http://www.kymesonet.org/>.

KELL NAMED ‘SCHOLAR OF THE YEAR’ BY NCA

Dr. Carl Kell, a WKU communication professor, has been named “2008 Scholar of the Year” by the States Advisory Council of the National Communication Association.

For more WKU news, go to <http://www.wku.edu/news/index.html> or <http://wkunews.wordpress.com/>.